

Exhibit 6A

**Objectors' Designations From December 4, 2013
Deposition of Charles Moore**

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 9 Ln: 15 - 24

Designation:

9:15 Q. Mr. Moore, good morning. Can you state your name for
16 the record, please.
17 A. Yes. Charles Moore, M-O-O-R-E.
18 Q. It's my understanding that you've had your deposition
19 taken a number of times before, is that correct?
20 A. Yes, sir.
21 Q. And it's fair to say that you have a general
22 understanding of the way a deposition process works,
23 is that correct?
24 A. Yes.

Pg: 10 Ln: 19 - Pg: 13 Ln: 8

Designation:

10:19 Q. Let me hand you what I've marked for purposes of
20 identification as Moore Exhibit Number 1. I've got
21 two more of these. Sorry, guys, I just made five
22 total.
23 Do you have Moore Exhibit Number 1 in front
24 of you, Mr. Moore?
25 A. I do.
11: 1 Q. This is a contract between Conway MacKenzie and the
2 City of Detroit regarding professional services, is

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

3 that correct?

4 A. That appears to be the case, yes.

5 Q. If you look at the back of this contract, you'll see
6 that I have attached the first amendment to the
7 contract as well. It's the last three pages double
8 sided, so to speak.

9 A. Yes.

10 Q. Have there been any other amendments to this contract?

11 A. Not other than the first amendment.

12 Q. Yeah, I meant other than what we're looking at here.

13 A. Correct, no others.

14 Q. If you look at the first amendment, you'll see there's
15 a reference to the so-called Impact subcontract?

16 A. Yes, sir.

17 Q. And the Impact subcontract is defined within this
18 first amendment, the definition of what those words
19 mean, do you see that?

20 A. I do, yes.

21 Q. Is the Impact subcontract itself embodied in a
22 contract of its own somewhere else?

23 A. Yes.

24 Q. Okay. Do you know if that has been made available to
25 the creditors?

12: 1 A. I don't know.

2 Q. For what it's worth, I did not see that on the City's
3 website when I was reviewing all the consultant
4 contracts, so to the extent it's not in the data room,

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

5 I'll ask for counsel to get that produced.

6 Can you tell me what the impact subcontract
7 is?

8 A. It's a contract between Conway MacKenzie, Inc., which
9 is my firm, and Impact Staffing, related to the
10 provision of resources to assist in the operational
11 restructuring of the City of Detroit.

12 Q. Okay. So does it expand the scope of services that
13 Conway MacKenzie is obligated to provide under this
14 professional service contract?

15 A. It does not.

16 Q. In layman's terms, is it that you needed additional
17 bodies to help you perform the services and one of the
18 ways that you got the additional bodies was by
19 entering into a subcontract?

20 A. Back several months ago when there were different
21 people involved on behalf of the City in some of the
22 key positions, specifically Chris Andrews as the
23 program management director, as well as Jack Martin as
24 the chief financial officer, clearly recognized that
25 there was a need for additional arms and legs in
13: 1 several of the departments to help carry out
2 restructuring initiatives.

3 Clearly Conway MacKenzie professionals are
4 at certain rates and we did not necessarily need
5 Conway MacKenzie professionals to perform those
6 duties, and so we were asked to help identify other

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

7 resources that could be provided under our contract in
8 those roles.

Pg: 13 Ln: 9 - 17

Designation:

13: 9 Q. It's my understanding that the fixed fee, so to speak,
10 that Conway MacKenzie can be paid has been expanded by
11 the amendment to a little over \$19 million, is that
12 correct?
13 A. That is the total cap, which includes the Impact
14 amount, yes.
15 Q. So it's not incremental to that, the Impact
16 subcontract is included within the \$19 million?
17 A. That's correct, Impact is included in the \$19 million.

Pg: 14 Ln: 2 - 20

Designation:

14: 2 Q. Have you worked with them previously?
3 A. I have not worked with them previously, no.
4 Q. How did you come to form a relationship with them such
5 that they're providing these subcontracting services?
6 A. There were two elements. First of all, Impact has
7 provided resources in the past to a company that Mayor
8 Bing was involved in, his own company, and then in
9 addition to that, I know the owner of the company of

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

10 Impact Staffing.

11 Q. Who is that?

12 A. His name is Peter Davis.

13 Q. How many people from Impact are there working pursuant
14 to the Impact subcontract?

15 A. That changes, not necessarily on a weekly basis, but
16 as needs change, resources are brought on, and then
17 also as they complete tasks, they can be taken off.

18 Right now, as of this day, I think there
19 are about 10 to 12 Impact resources involved in the
20 assignment.

Pg: 14 Ln: 21 - Pg: 15 Ln: 7

Designation:

14:21 Q. That's very helpful. Can you give me a sense of the
22 low ebb and high tide of the Impact subcontractees
23 over the last six months?

24 A. I believe the high would have been perhaps 14 at one
25 point in time. We have generally, since the ramp-up
15: 1 occurred, meaning the original time that Impact
2 resources were initially brought on, I don't think
3 that we have necessarily been below nine perhaps.

4 Q. Okay. The contract amendment that we were just
5 talking about was dated June 1st, 2013, is that
6 correct?

7 A. Yes.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 15 Ln: 22 - Pg: 16 Ln: 5

Designation:

15:22 question that I meant to ask. What I meant to say is
23 when did the people that Impact sourced arrive on the
24 field, so to speak, in terms of helping you perform
25 services to the City?
16: 1 A. I believe the first resources started work right
2 around the end of July.
3 Q. Okay. So it would have been as much as six weeks
4 after Mr. Orr's proposal to creditors on June 14th.
5 A. Yes.

Pg: 16 Ln: 6 - 15

Designation:

16: 6 Q. So the work that was done pursuant to the professional
7 services contract between its execution in January and
8 the June 14th proposal, that work was all done by
9 Conway MacKenzie, is that correct?
10 A. The work from our firm, yes, sir. There were no
11 Impact resources involved in that.
12 Q. Very helpful. Okay. So you're obviously currently
13 performing services pursuant to this professional
14 service contract as amended, is that correct?
15 A. Yes.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 16 Ln: 21 - Pg: 17 Ln: 20

Designation:

16:21 Q. Just to save time I'll tell you that the contract
22 itself says that you'll provide services and that
23 they're defined in Exhibit A and Exhibit A says what
24 the services are, is that your recollection of how the
25 contract works?

17: 1 A. Yes.

2 Q. And the scope of services did not change with the
3 amendment as you understand it, correct?

4 A. Correct.

5 Q. And is Conway MacKenzie performing all of the services
6 that are described in Exhibit A?

7 A. Yes.

8 Q. Do you see that on the first page of Exhibit A, which
9 also has got the number three on it under the
10 contract, do you see that down at the bottom?

11 A. Yes, sir.

12 Q. Do you see that it says that one of the things that
13 you will do is that you will work collaboratively with
14 City of Detroit, State of Michigan, and outside
15 professionals to develop a detailed, comprehensive
16 work plan, do you see that?

17 A. Yes.

18 Q. Did Conway MacKenzie do that?

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

19 A. Yes.

20 Q. Do you know when it completed that work plan?

Pg: 17 Ln: 22 - 23

Designation:

17:22 A. The initial work plan that was established would have
23 been completed in January of 2013.

Pg: 17 Ln: 25 - Pg: 19 Ln: 2

Designation:

17:25 Q. You said initial, are you suggesting that it's
18: 1 something that is constantly revised or has been
2 revised since the initial one was completed?
3 A. Yes, a work plan is essentially meant to identify
4 tasks that need to be performed and manage those
5 tasks, and so periodically we are providing updates to
6 the City regarding upcoming tasks.
7 Q. So is this one of those things where as tasks are
8 completed, the completion of the tasks are noted, as
9 additional tasks are added, they are added to the work
10 plan and it's an organic living document?
11 A. Yes.
12 Q. How regularly is that updated?
13 A. There's not a set frequency. Sometimes, and by the
14 way, there may be multiple items that can be

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

15 considered a work plan. Our communications with the
16 department regarding upcoming activities may take one
17 form, our communications with say the emergency
18 manager office may take another form. Generally
19 speaking, every two to three weeks or so documents are
20 updated.

21 Q. Is the work plan something that's available to
22 creditors to your knowledge?

23 A. I'm not aware.

24 Q. Okay. Do you know whether you've ever been, have you
25 ever been asked to produce it so that it could go into
19: 1 the data room?

2 A. No.

Pg: 19 Ln: 3 - 13

Designation:

19: 3 Q. Is the document structured by departments of the City
4 of Detroit in the sense of organizing the tasks on
5 which you are working or have worked?

6 A. The initial work plan that we developed was driven
7 more towards the activities that would need to occur
8 comprehensively, and related to those activities that
9 were involved with coming up with the initial
10 assessment of the various departments.

11 Since that time we generally update
12 activities and communicate activities on a department

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

13 by department basis.

Pg: 19 Ln: 14 - Pg: 20 Ln: 20

Designation:

19:14 Q. About how many departments are on the work plan?

15 A. There are, we typically, we prioritize departments, so
16 depending on how you count the departments, there are
17 approximately 35 departments in the City, and we tend
18 to track anywhere from 10 to 15 as the high priority
19 departments and track the activities in those
20 departments.

21 Q. Does that mean that all 35 may be in the work plan but
22 the 10 to 15 that you're tracking most actively may be
23 at the front of the work plan?

24 A. Yes, sir, and we may exclude items, as an example, the
25 Department of Administrative Hearings is a very small
20: 1 department within the City. We have in the past
2 documented some activities that have occurred;
3 however, we tend not to really update that because
4 there are very few activities occurring in that
5 department right now.

6 Q. What are the 10 to 15 departments that are the ones
7 that you referenced as being some of the most
8 important?

9 A. I will go off the top of my head, but essentially you
10 have the Police Department, Fire Department, Finance,

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

11 Building Safety Engineering and Environmental,
12 sometimes called BC.
13 Q. You have to call it BC I think.
14 A. Planning and Development, Department of
15 Transportation, Public Lighting, 36th District Court,
16 Department of Public Works, Municipal Parking
17 Department, and a couple other items that are not
18 departments necessarily, but Human Resources and
19 Blight. I may have left a few off but generally
20 speaking those are the high priority items.

Pg: 20 Ln: 21 - Pg: 21 Ln: 19

Designation:

20:21 Q. You did pretty well. You have 12. Let me suggest a
22 couple that maybe are in there that got left off. Is
23 there one for the Detroit Water and Sewage Department?
24 A. Yes; however, the Water and Sewer Department is not
25 necessarily a department per se. We view that as an
21: 1 enterprise fund, but yes, you're correct, I did leave
2 off Detroit water and sewer.
3 Q. You're saying it's not a department of the City, it's
4 an enterprise fund, but yes, it is one of the 10 or 15
5 things that we are tracking as important.
6 A. Yes, sir.
7 Q. What about as another thing that's important,
8 pensions, is that something that -- that you are

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

9 working on at Conway MacKenzie?

10 A. Yes, sir.

11 Q. Pursuant to this contract that we're discussing.

12 A. Yes.

13 Q. Same question for OPEB.

14 A. I have limited involvement as relates to OPEB. I have

15 more substantial involvement on the pension side.

16 Q. Is there also a pension box as one of the 10 or 15

17 more important items that you are tracking?

18 A. We do track that. We tend to track that separately as

19 a separate work stream.

Pg: 21 Ln: 25 - Pg: 22 Ln: 18

Designation:

21:25 How many Conway MacKenzie employees are

22: 1 devoting a material amount of time to providing

2 services under the contract? Let me tell you what I

3 mean by material.

4 On restructuring matters at Kirkland &

5 Ellis there are people who are devoting a significant

6 amount of time on a regular basis to the

7 restructuring. There may be other professionals that

8 drop in for an hour or two to provide a certain level

9 of expertise, but if you ask them are you working on

10 this or that restructuring they would say not really,

11 I just did a modest amount.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

12 I'm not worried about the people that check
13 in for just a small period of time. I'm talking about
14 the people at Conway MacKenzie who if I asked them are
15 you working on the Detroit restructuring, they would
16 say yes, I am. How many of those people are there?
17 A. Okay. Thank you. I understand your description.
18 It's approximately 12 to 13.

Pg: 22 Ln: 19 - Pg: 24 Ln: 3

Designation:

22:19 Q. So I'm now going to take you through the various
20 levels that the people operate at. I'm going to
21 assume that you are the head of the engagement at
22 Conway MacKenzie, is that correct?
23 A. Yes, sir.
24 Q. So I'm going to call you as level one.
25 A. Okay.
23: 1 Q. That means the most senior.
2 A. Yes.
3 Q. Is there anyone else that's up at level one with you?
4 A. There are two people that provide input and strategy
5 guidance with me and those two are Van Conway and Don
6 MacKenzie. They are not included in the 12 to 13
7 people that I mentioned based on your description of
8 material involvement if you will.
9 Q. I take it they're the founders of the firm, Conway

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

10 MacKenzie?

11 A. Yes.

12 Q. Is it fair to describe these two gentlemen as
13 experienced individuals who are providing you their
14 wisdom and insight as to how Conway MacKenzie should
15 perform but who are not otherwise working day to day
16 on the City's restructuring?

17 A. Certainly the first item that you mention; however,
18 they are very active and have been very active their
19 entire lives in the city, and so there are other items
20 that they bring to bear on the engagement as well.

21 Q. Fair enough. Let's go down to level two now. Level
22 two will be people that report directly to you.

23 A. Yes.

24 Q. How many Conway MacKenzie employees are at level two?

25 A. I believe that's six.

24: 1 Q. And who are the six?

2 A. Kevin Hand, Glenn Kushiner, Chris Gannon, Mike
3 Hausman, Carl Sekely, and Todd Eddy.

Pg: 24 Ln: 4 - 25

Designation:

24: 4 Q. Level three employees would be people that report to
5 level two employees in my little scheme here of trying
6 to organize the levels.

7 A. Yes, sir.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

8 Q. How many level three employees are there?

9 A. I believe that's two.

10 Q. And who are they?

11 A. Jeff Addison and Doug Reich.

12 Q. By my tally we've got nine people that we've

13 identified.

14 A. Yes.

15 Q. Is there anyone that would operate at what we could

16 call level four, which are people that report to level

17 three?

18 A. Yes.

19 Q. Who is at the level four?

20 A. There are four. Emily Petrovski, Danielle Iafrate,

21 Mike Walsh, and Wade Johnston.

22 Q. Have we covered all of the folks at Conway MacKenzie

23 that are spending a material amount of time on the

24 City of Detroit restructuring?

25 A. Yes, sir.

Pg: 25 Ln: 1 - 19

Designation:

25: 1 Q. I want to ask you the same question but about a

2 different period of time now. So I want to ask you

3 what Conway MacKenzie employees were devoting material

4 amounts of time to performing services under the

5 contract between the date of the contract's execution

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

6 and June 14th, 2013.

7 A. Yes, sir. Of the people that are listed, that would

8 have been myself along with Kevin Hand, Glenn

9 Kushiner, Chris Gannon, Emily Petrovski, and Danielle

10 Iafrate.

11 Q. That tallied six people if I got it correct.

12 A. Yes, sir.

13 Q. Is it a fair characterization to say that in the

14 initial stage of its contract, Conway MacKenzie had a

15 team of six people working to develop a restructuring

16 plan and it is now significantly -- it has now

17 expanded that team to 13 to help implement that

18 restructuring plan?

19 A. I think that's a fair statement.

Pg: 25 Ln: 20 - Pg: 27 Ln: 25

Designation:

25:20 Q. Let me ask you this, just some specific questions

21 about the six folks who are working between January

22 and June if I could. Mr. Hand, how old is Mr. Hand?

23 A. 42.

24 Q. What is his position at Conway MacKenzie?

25 A. Managing director.

26: 1 Q. What does it mean to be an MD at Conway MacKenzie?

2 And what I mean by that is titles mean different

3 things at different firms. For example, my firm has

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

4 equity partners and non-equity partners, and it has
5 associates; so you could hierarchize them that way.

6 Can you tell me where a managing director
7 fits into the hierarchy at Conway MacKenzie?

8 MR. HAMILTON: Object to form.

9 You can answer.

10 A. A managing director has significant experience in the
11 restructuring industry and has led engagements, has
12 the ability to essentially develop comprehensive
13 restructuring plans.

14 BY MR. HACKNEY:

15 Q. Okay. He's someone who could sit first chair, so to
16 speak, on a restructuring matter if need be?

17 A. Yes, sir.

18 Q. Is the only higher position than managing director at
19 Conway MacKenzie principal?

20 A. Senior managing director is the other title that we
21 have. That's what I am. We don't have the title of
22 principal.

23 Q. How long has Mr. Hand been at Conway MacKenzie?

24 A. Since 2001.

25 Q. Let's talk about Mr. Kushiner if we could, how old is
27: 1 Mr. Kushiner?

2 A. I believe he is 38.

3 Q. What's his position?

4 A. Managing director.

5 Q. And how long has he been with Conway MacKenzie?

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

6 A. Since 2001.

7 Q. How old is Chris Gannon?

8 A. 41.

9 Q. Is he also a managing director?

10 A. Yes.

11 Q. And how long has he been with Conway MacKenzie?

12 A. I believe 2007.

13 Q. How old is Emily Petrovski?

14 A. She is 34.

15 Q. What's her title?

16 A. Senior associate.

17 Q. How long has she been there?

18 A. I believe 2003 or 2004.

19 Q. And Ms. Iafrate, how old is Ms. Iafrate?

20 A. I believe she is 26 or 27.

21 Q. What's her title?

22 A. Senior associate.

23 Q. And do you know how long she's been at Conway

24 MacKenzie?

25 A. Since 2012.

Pg: 28 Ln: 1 - Pg: 30 Ln: 4

Designation:

28: 1 Q. Mr. Moore, prior to this case you had never been

2 retained by a Chapter 9 debtor before, is that

3 correct?

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

- 4 A. Not by a Chapter 9 debtor, correct.
- 5 Q. And Conway MacKenzie had never been retained by a
- 6 Chapter 9 debtor either to your knowledge, isn't that
- 7 also correct?
- 8 A. To the best of my knowledge that's correct.
- 9 Q. Prior to this case you had never personally worked on
- 10 restructuring a police department before, had you,
- 11 sir?
- 12 A. That's correct.
- 13 Q. And to the best of your knowledge, neither had Conway
- 14 MacKenzie, correct?
- 15 A. To the best of my knowledge, correct.
- 16 Q. And to the best of my knowledge, Mr. Hand,
- 17 Mr. Kushiner, Mr. Gannon, Ms. Petrovski and
- 18 Ms. Iafrate had never worked on restructuring a police
- 19 department before either, is that correct?
- 20 A. That's my understanding.
- 21 Q. Now, prior to this case you had never personally
- 22 worked on an assignment that required to restructure
- 23 the operations of a fire department either, isn't that
- 24 correct?
- 25 A. Correct.
- 29: 1 Q. And that's also correct for the five individuals I
- 2 just described to the best of your knowledge.
- 3 A. I believe that's correct.
- 4 Q. And it's also true with respect to Conway MacKenzie to
- 5 the best of your knowledge.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 6 A. To the best of my knowledge, yes.
- 7 Q. Prior to this case you had never been tasked with
- 8 formulating a blight remediation plan, isn't that
- 9 correct, Mr. Moore?
- 10 A. That's correct.
- 11 Q. Nor had Conway MacKenzie, correct?
- 12 A. To the best of my knowledge, yes.
- 13 Q. And nor to the best of your knowledge had any of the
- 14 five individuals I just ticked off in connection with
- 15 the police department question, isn't that correct?
- 16 A. That's correct.
- 17 Q. Is it correct to say, Mr. Moore, that Conway MacKenzie
- 18 started working in earnest on the scope of work
- 19 described in Exhibit A around the time that its
- 20 contract was executed with the City?
- 21 A. Yes, that would have been January of 2013.
- 22 Q. I know that prior to that time you had been doing some
- 23 pro bono work with respect to cashiering exercises, is
- 24 that correct?
- 25 A. Yes, sir.
- 30: 1 Q. But when it came in earnest to performing the services
- 2 in this contract, that began sometime in January of
- 3 2013, correct?
- 4 A. Yes.

Pg: 30 Ln: 5 - 13

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Designation:

30: 5 Q. Do you remember the day that you began? I can tell
6 you when the contract was signed --
7 A. The contract was signed I believe January 9th. The
8 contract was January 9th, and I believe that we would
9 have begun onsite work within one week of that,
10 perhaps within a few days.
11 Q. So as soon as January 11th you may have been at it for
12 the City of Detroit.
13 A. Yes.

Pg: 30 Ln: 14 - 17

Designation:

30:14 Q. I'm going to focus these questions now on the period
15 between January 11th and the June 14th proposal to
16 creditors, if I can, so bear that time frame in mind
17 when I'm asking you these questions.

Pg: 30 Ln: 18 - 20

Designation:

30:18 What individuals outside of Conway
19 MacKenzie did you rely upon in performing your work
20 during that time period?

Pg: 30 Ln: 23 - Pg: 31 Ln: 1

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Designation:

30:23 A. First of all, we worked very closely with people that
24 are employees of the City, and there are a whole host
25 of employees that we interacted with as we conducted
31: 1 our work.

Pg: 31 Ln: 3 - Pg: 32 Ln: 4

Designation:

31: 3 Q. Anyone else?
4 A. There are other outside advisors that we worked with.
5 Just to name a few of the firms, the Manhattan
6 Institute was a police-specific expert that was
7 engaged by the Detroit Police Department that we
8 interacted with.
9 Plante Moran had been engaged in a variety
10 of activities related to the Finance Department.
11 Ernst & Young had been performing a variety of
12 financial activities for the City for a while,
13 certainly Miller Buckfire as the investment banker,
14 essentially Jones Day was involved, we interacted with
15 Miller Canfield as counsel.
16 There may have been other outside advisors
17 as well but those would have been the primary other
18 advisors that we would have interacted with.
19 Q. One that comes to mind is Milliman?

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

20 A. Yes, sir.

21 Q. Is that one that you worked with?

22 A. Yes.

23 Q. I know there are, I think there are PR firms and there

24 are a number of consulting firms, I've seen all the

25 contracts on the website, have you been able to give

32: 1 me the material firms that you spent a material amount

2 of time working with during that time period I

3 identified earlier?

4 A. I believe that's the complete list, yes.

Pg: 32 Ln: 5 - Pg: 33 Ln: 2

Designation:

32: 5 Q. Can you give me a sense of how many City employees

6 Conway MacKenzie interacted with between January and

7 June, the January and June time frame I identified

8 earlier?

9 A. This would be a very rough estimate, somewhere between

10 50 and a hundred.

11 Q. Am I correct that you talked to the heads of the

12 departments or enterprise funds that we described

13 earlier as important as part of performing your work?

14 A. Certainly they would have been included in that group

15 of people.

16 Q. When you referenced the Manhattan Institute, the

17 police expert, do you know when they were retained?

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

18 A. I don't know.

19 Q. Were they already on the site, onsite when you were
20 retained?

21 A. Yes.

22 Q. They were there before you?

23 A. Yes.

24 Q. And when did you start interacting with them?

25 A. I don't know what the specific date would have been.

33: 1 It would have been somewhere between January and
2 April.

Pg: 33 Ln: 3 - Pg: 34 Ln: 5

Designation:

33: 3 Q. Okay. And tell me what the -- tell me how your two
4 firms worked together.

5 A. Sure. Conway MacKenzie is tasked with preparing a
6 comprehensive restructuring plan, operational
7 restructuring plan, police is obviously a very
8 important department of the City.

9 As you have pointed out, Conway MacKenzie
10 does not have resident policing expertise within our
11 firm; however, a significant amount of the activities
12 that, and deficiencies, if you will, that were
13 identified with the department relate to
14 organizational effectiveness.

15 And so Conway MacKenzie would have

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

16 interacted with Manhattan Institute. Where Manhattan
17 Institute has very specific policing and policy type
18 of expertise, Conway MacKenzie brings the
19 organizational expertise, and together we jointly
20 prepared a comprehensive restructuring plan for the
21 department.

22 Q. In terms of actual day-to-day work, were the Manhattan
23 Institute people attending interviews and onsite in
24 the Detroit Police Department with the Conway
25 MacKenzie people?

34: 1 A. In the initial time period that you mention, that
2 interaction was more limited, then around June or
3 thereabouts there was a new contract with the
4 Manhattan Institute and the Bratton Group together
5 where that interaction became very, very frequent.

Pg: 35 Ln: 2 - Pg: 36 Ln: 9

Designation:

35: 2 Q. Can you give me a sense, if you know, of about the
3 approximate amount of time spent by Conway MacKenzie
4 with the Manhattan Institute?

5 A. I don't know.

6 Q. Do you know if it's in the hundreds of hours or is it
7 materially more or less than that?

8 A. I couldn't even hazard a guess.

9 Q. They were working under a contract during that January

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

10 to June time period, is that correct?

11 A. Yes.

12 Q. Do you remember the amount of their contract?

13 A. I don't know.

14 Q. Do you know the amount of their contract after it was
15 renegotiated in June?

16 A. I think it was somewhere between 500,000 and 750,000
17 if I recall correctly, but I don't have the precise
18 number, so that is a -- a rough guess.

19 Q. Is it your understanding that that represented an
20 increase in the amount that they would be paid as
21 compared to the prior contract?

22 A. I don't know.

23 Q. Between January and June did Conway MacKenzie liaise
24 with a fire expert that's similar to the Manhattan
25 Institute as a police expert?

36: 1 A. Possibly.

2 Q. Did you?

3 A. I myself did not.

4 Q. To your knowledge did anyone at Conway MacKenzie do
5 so?

6 A. That's where I'm not sure. Eventually the City
7 engaged a fire expert similar to Bratton and Manhattan
8 on the police side. That occurred after the time
9 period, after June 14th.

Pg: 36 Ln: 10 - Pg: 38 Ln: 14

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Designation:

36:10 Q. In fact, didn't that just occur in October?

11 A. I believe that's correct, October of this year, yes.

12 Q. Did Conway MacKenzie liaise with a blight remediation
13 expert during that January to June 2013 time period?

14 A. Conway MacKenzie interacted with a number of people
15 that had been involved in blight remediation
16 activities, yes.

17 Q. Were they people that had been formally retained by
18 the City to provide services?

19 A. In some instances those were City employees. In other
20 instances they were outside groups that were
21 undertaking blight removal efforts.

22 Q. And those are outside groups that are local in the
23 city of Detroit?

24 A. Yes. I did interact with some resources that were
25 involved with those groups that actually came from
37: 1 outside of the city but through those groups.

2 Q. I guess what I mean to say is, did you ever, did
3 Conway MacKenzie ever liaise with a blight remediation
4 expert that is similar to the Manhattan Institute as
5 an expert on police departments?

6 A. I would say yes, there were a variety of parties that
7 we interacted with that have substantial experience
8 with blight remediation.

9 Q. And do they do so for hire?

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

10 A. Yes.

11 Q. And who are they?

12 A. Well, as I indicated, first we interacted with City
13 employees that were involved with blight remediation
14 efforts, and there are a variety of employees.

15 The City has been undergoing some level of
16 blight remediation for quite some time, and so
17 certainly the employees that were involved in those
18 activities primarily through the Planning Department,
19 as well as a few of the other supporting departments,
20 we had discussions with those people.

21 In addition to that we had discussions with
22 people at the State of Michigan level that were
23 involved in efforts to try to bring blight aid and
24 remediation efforts to a number of cities in the state
25 of Michigan, and those people had experience with
38: 1 hiring contractors and executing on blight remediation
2 work.

3 In addition to that there is what is
4 referred to as the Blight Authority, which is a local
5 nonprofit that was set up in 2012, and undertook two
6 projects, one near the Eastern Market area, and one in
7 the Brightmoor area, and so we certainly had a number
8 of interactions with the Blight Authority.

9 And then there were other parties, local
10 parties, that were involved with blight remediation,
11 John Hantz, but I believe that that interaction

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

12 probably occurred after June 14th.

13 Q. Okay.

14 A. And there may have been others as well.

Pg: 38 Ln: 19 - 24

Designation:

38:19 Were there any other firms that are like
20 the Manhattan Institute with which Conway MacKenzie
21 interacted in order to obtain department-specific
22 advice about how you might restructure that department
23 or that enterprise fund as the case may be?
24 A. Yes.

Pg: 39 Ln: 3 - 5

Designation:

39: 3 Q. Who else?
4 A. Parsons Brinckerhoff. I believe that's spelled
5 B-R-I-N-C-K-E-R-H-O-F-F.

Pg: 39 Ln: 12 - Pg: 40 Ln: 14

Designation:

39:12 Q. Any other firms?
13 A. There were outside individuals involved related to the
14 Lighting Department. I can't recall a specific firm

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

15 name, but individuals that were involved with helping
16 run the department, Public Lighting Department.

17 Q. Anyone else?

18 A. On the parking side there are a couple of outside
19 firms that the City uses, Pierce Monroe & Associates
20 and Duncan Systems.

21 Q. Anyone else?

22 A. On the Human Resources side there were a variety of
23 parties that were involved with the City. One party
24 that I believe that we would have been speaking to
25 back during the relevant time period that you
40: 1 mentioned, January through June 14th, company by the
2 name of Fox Lawson, that's not the official legal
3 entity name but that's what they go by. Fox Lawson
4 would have been involved, outside staffing agencies
5 that had done work for the City in the past, a quasi
6 governmental unit of the city, Detroit Economic Growth
7 Corporation, related to Planning Department.

8 There was a firm that was doing work
9 related to the 36th District Court operation
10 underneath S-C-A-O, which stands for State Court
11 Administrator's Office. I can't recall the name of
12 that firm right now.

13 That is what I recall off the top of my
14 mind.

Pg: 40 Ln: 20 - 25

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Designation:

40:20 The question is, were there any subject
21 matter experts from whom you sought advice that were
22 not operating under any sort of formal or informal
23 arrangement with the City?
24 A. That may have been the case, I just don't recall off
25 hand.

Pg: 41 Ln: 1 - 9

Designation:

41: 1 Q. Have you ever heard the phrase "drinking from a fire
2 hose"?
3 A. Yes, sir.
4 Q. So when I use the phrase, I use it to mean attempting
5 to comprehend and assimilate a massive amount of
6 information in a short period of time. Would you
7 agree that Conway MacKenzie was drinking from a fire
8 hose when it began its restructuring services with the
9 City of Detroit in January of 2013?

Pg: 41 Ln: 12

Designation:

41:12 A. I think that's a fair statement.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 42 Ln: 1 - 19

Designation:

42: 1 Q. So you had a broad task of trying to understand how to
2 make the City operate more efficiently and effectively
3 and you have attempted to deliver on that task by
4 advertising Mr. Orr with respect to the restructuring
5 and reinvestment initiatives, is that a fair
6 statement?

7 A. Yes.

8 Q. And you developed a plan for the restructuring and
9 reinvestment initiatives, isn't that correct?

10 A. Yes.

11 Q. And it took you approximately 90 days to create that
12 plan, is that correct?

13 A. That's approximately right. We, from the time that we
14 began, let's call it mid-January, the initial work
15 plan that we established was for us to have a
16 comprehensive view across departments within 90 to a
17 hundred days, and then to meet with the departments to
18 go through our findings and the result is what was put
19 into the June 14th proposal.

Pg: 43 Ln: 2 - Pg: 44 Ln: 20

Designation:

43: 2 Q. Tell me what process, what methodological process

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

3 Conway MacKenzie employed so that it could get to the
4 point where it could advise Mr. Orr on what
5 restructuring and reinvestment initiatives it thought
6 the City should undertake and how much they would
7 cost.

8 A. Okay. This will be a, somewhat of a broad overview,
9 and I may leave some activities out, but our first
10 activity, and this follows a typical approach that we
11 would use on our engagements, is to get our arms
12 around baseline information as quickly as possible,
13 and that in this instance included, number one,
14 obtaining and reviewing all previous assessments and
15 studies and analyses that had been performed on
16 departments.

17 Secondly, we had to obtain and validate
18 how -- information on how the departments were
19 operating at that point, and so that included looking
20 at a number of operational metrics, trying to obtain
21 information that could be used to assess how the
22 department was operating, as well as financial
23 information.

24 In addition to that, we prioritized where
25 we felt the biggest issues existed and where the most
44: 1 significant impacts could be felt from restructuring.
2 We worked on trying to establish a vision for how a
3 department should operate and then identify what
4 needed to happen in order to take the department from

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

5 its current state to that vision.

6 Q. And was that the last step, the one that involved
7 creating the restructuring and reinvestment
8 initiatives?

9 A. Yes. And so specifically in that regard we worked
10 very closely with City employees, as well as a number
11 of the other outsiders from mid-January until the end
12 of April.

13 During the month of May then we did
14 comprehensive reviews of the highest priority
15 departments with City employees to show them all of
16 the various initiatives that had been identified and
17 we refined that based on an iterative process with the
18 City, as well as outsiders, and the results that we
19 ended up with was the restructuring and reinvestment
20 plan that was included in the June 14th proposal.

Pg: 44 Ln: 25 - Pg: 46 Ln: 12

Designation:

44:25 Q. I think I may have misunderstood that 90-day answer,
45: 1 because I had thought that after the end of the 90
2 days that you had the restructuring and reinvestment
3 initiatives recommendation in hand such that it could
4 be made to Mr. Orr. I understand it might be reviewed
5 and considered by other people, but I thought that you
6 had driven your process to that point in 90 days, is

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

7 that wrong?

8 A. Let me clarify. At the basically May 1st time period
9 we had restructuring initiatives that could be
10 reviewed with a variety of people at the City, so
11 these were our recommendations, which did get
12 included, or did get reviewed with Mr. Orr, as well as
13 a variety of others, but they were refined, as we
14 reviewed these, we obtained input and feedback from
15 people within the City, and we then finalized what was
16 included in the creditor proposal.

17 Q. Let me distinguish two concepts and make sure I
18 understand what went into that comprehensive review
19 that you did by May 1st. There's one concept which is
20 you could say we need to buy more Tasers, buy more
21 bullet proof vests, improve facilities for the Police
22 Department; another concept is sizing how much that
23 might cost; had both those things been done subject to
24 refinement, but had both the qualitative tasks and the
25 estimated costs been done at the time of the May 1st
46: 1 comprehensive review?

2 A. Yes.

3 Q. Were the numbers subsequently refined between May 1st
4 and June 14th?

5 A. Yes.

6 Q. Did you have a document that you put together that
7 people could actually read as you were doing these
8 reviews with the different departments?

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 9 A. Yes.
- 10 Q. Do you know if that document's been made available to
- 11 the creditors in this case?
- 12 A. I don't know.

Pg: 47 Ln: 16 - Pg: 48 Ln: 14

Designation:

- 47:16 Q. Tell me a little bit about how Conway MacKenzie
- 17 generates work product. Does it operate by E-mail or
- 18 does it write memoranda or write PowerPoints or do all
- 19 of the above in connection with this process that
- 20 we're discussing?
- 21 A. All of the above, depending on the situation.
- 22 Q. How did you present the comprehensive review on May 1
- 23 if it was not mainly by PowerPoint?
- 24 A. The reviews began around May 1st, I believe whatever
- 25 the first Monday in May I believe is when we began
- 48: 1 that process. We would typically have a couple of
- 2 documents that would get reviewed with department
- 3 individuals and anyone else that would have been
- 4 involved in a particular department, and the documents
- 5 that would get reviewed would include Word documents
- 6 that had summaries of items, as well as Excel
- 7 spreadsheets showing projections and the financial
- 8 impact of various restructuring initiatives.
- 9 Q. I'm not sure that I understood -- I think I got five

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

10 different steps when you were giving me sort of the
11 broad work flow, which was very helpful by the way. I
12 didn't get to write them down all verbatim but I'm
13 going to try to give them back to you as I understood
14 them.

Pg: 48 Ln: 18 - Pg: 50 Ln: 10

Designation:

48:18 Q. The first step was get Conway MacKenzie's arms around
19 baseline information, the second step I understood was
20 obtain and validate information relating to the
21 departments.

22 I'm going to ask you, I didn't quite follow
23 the distinction between those two steps. I don't
24 think I said it quite right there.

25 A. Correct, that was not correct the way you stated it.
49: 1 Step one was to, first of all, obtain all of the
2 information that existed at that point regarding the
3 department, and as an example, in the past there have
4 been a variety of analyses that have been conducted by
5 outside consultants on issues that may exist within a
6 department. And so we wanted to make sure that we
7 obtain and reviewed all information that existed
8 relative to how a particular department was operating.
9 The second item, which is really I think
10 what you were getting at when you said the first item,

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

11 was we needed to establish how the department was
12 operating at that point, and that included obtaining
13 operational information, as well as financial
14 information.

15 Q. Okay.

16 A. From the department itself.

17 Q. Okay. I understand that better I think. Let me
18 restate it to you and see if the way I restate it is
19 accurate.

20 The first stage was to understand, was to
21 understand what I will call meta information about
22 departments, which was analyses that had already been
23 done about what could be done to the departments to
24 make them work better.

25 A. Yes.

50: 1 Q. The second stage was to actually understand from the
2 departments themselves how they were actually
3 performing the services that they're supposed to
4 render presently.

5 A. Yes.

6 Q. Can you give me a sense of how many reports there were
7 that you reviewed in that first stage? I've heard
8 about some like I think McKinsey was a consultant that
9 was retained, maybe we can start with a general sense
10 of how many of them are out there.

Pg: 50 Ln: 14 - Pg: 53 Ln: 9

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Designation:

50:14 Q. Well, that's a fair question. Your declaration I
15 think is based in part on your own personal knowledge
16 but I think it's also based on knowledge that's known
17 to other people.

18 So when I ask you what did Conway MacKenzie
19 do, I mean either what did you do personally or what
20 did other people tell you they had done. Okay?

21 So why don't I simplify it for this purpose
22 and say to your knowledge how many of these reports
23 are out there that go into that step one process that
24 we were just talking about?

25 A. Very difficult to estimate. It was a lot. Just the
51: 1 McKinsey reports alone were significant. A rough
2 guess of reports that our firm would have reviewed,
3 maybe 40, 40 to 50.

4 Q. And we're talking about sizeable reports in their own
5 right, correct?

6 A. They varied. Some were pretty substantial, some were
7 shorter, and that's a rough estimate.

8 Q. How long did it take for Conway MacKenzie to complete
9 what we're calling stage one of the broad work flow
10 that you described?

11 A. These steps that I indicated were not necessarily
12 sequential. There is a lot of overlap that takes
13 place; so we were, I like to characterize that first

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

14 step as leveraging what information already exists,
15 and we may have gotten started with certain
16 departments in terms of that step two right away and
17 then for subsequent departments looked at some of
18 these reports that, the meta data as you say
19 subsequent to that. So there was not a specific end
20 date for that first step.

21 Q. Fair enough. It wasn't like you all went into
22 conference rooms and read all the reports first. You
23 said I know I'm going to need performance data, so
24 let's you go start getting that, at some point I want
25 you to read what's been previously been done and they
52: 1 moved in parallel in some circumstances.

2 A. That's right. And in many instances we go back and
3 rereview these reports again, because after you have a
4 chance to interview a number of people it can shed, or
5 cast a different light on some of the topics in those
6 reports.

7 Q. Okay. That's very helpful. Thank you for clarifying
8 my misunderstanding between one and two. I think it
9 relates to my poor note taking skills.

10 Now, stage three I think I did get right,
11 which was, stage three was identify and prioritize the
12 most significant issues. Do you remember that
13 testimony?

14 A. Yes.

15 Q. It is fair, isn't it, to say that at least with

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

16 respect to any one department you needed to complete
17 stages one and two with respect to that department
18 before you would be in a position to identify and
19 prioritize the most significant issues, fair
20 statement?

21 A. Again, I would say it was more of an iterative
22 process. There -- the City has extremely poor
23 systems, so this is not a situation where you can
24 request operational information and have someone
25 provide that to you in a day or even a week.

53: 1 So what we would do is we would obtain the
2 information that we could, review that, assess
3 priorities and key issues, but in the meantime there
4 typically would be a lot of information that would not
5 be readily available that we would have to try to get
6 in other ways.

7 And as we would get additional information,
8 we might reassess priorities; so again, an iterative
9 process.

Pg: 53 Ln: 10 - Pg: 54 Ln: 2

Designation:

53:10 Q. Let me see if I can restate that so I understand it.
11 You may have had to, while the process of obtaining
12 information about a department's performance may have
13 continued even after you reached the point of

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

14 identifying and prioritizing the most significant
15 issues in any department, you did have to have at
16 least some sense of how that department was actually
17 performing prior to identifying the priorities?

18 A. Yes.

19 Q. That's a fair statement?

20 A. Yes.

21 Q. Now, step -- stage four that I wrote down was you have
22 to establish a vision for each department, in an
23 aggregate, the City, correct?

24 A. Yes.

25 Q. And then stage five is identify what needed to be done
54: 1 to achieve that vision.

2 A. Yes.

Pg: 54 Ln: 3 - Pg: 55 Ln: 3

Designation:

54: 3 Q. Let's try and go at this the other way, which is can
4 you tell me when you began stage five, which is
5 identifying what needed to be done to achieve the
6 vision that you had articulated to the City?

7 A. Again, it's difficult to think about this as a
8 sequential set of activities. There were items that
9 after step one, when you review multiple reports and
10 you see the same things over and over and over, in
11 some instances you know pretty quickly what some of

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

12 the items are that need to happen to fix whatever the
13 issue is that exists today.

14 So as it relates to identifying
15 restructuring initiatives, some of those had been
16 identified multiple times in the past and for whatever
17 reason had not been implemented, and typically the
18 situation, the issue would still exist and perhaps in
19 many instances have gotten worse.

20 Q. Fair enough. So what you're saying is you're going
21 through this process, it's intrinsic that you start
22 having ideas about what the City may need to do to
23 improve itself.

24 A. Yes.

25 Q. It's not like you get all the information first and
55: 1 then then think about what the City may need to do.
2 You're having ideas on that subject as you go along.

3 A. Yes.

Pg: 55 Ln: 4 - Pg: 56 Ln: 10

Designation:

55: 4 Q. Let me ask it about establishing a vision though. Was
5 that, that was stage four, which is establish a vision
6 for what the departments in the City needed to do.

7 A. Yes.

8 Q. When did you start that process?

9 A. That would have been essentially as we started to

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

10 interview people within the departments,
11 understanding, and doing a lot of other research as
12 well, understanding how relevant comparables looked.

13 As an example, if this function in a
14 different municipality is operating a certain way,
15 using that to determine is that a good benchmark, and
16 so through research, as well as the interviews with
17 the department individuals, that process was going on
18 during that 90 to 100-day period.

19 Q. That's helpful, because let me see if I understand
20 what you're saying. What you're saying is, after you
21 learn about, a lot about how the City of Detroit is
22 currently operating via its departments, as well as
23 how various individuals, including Conway MacKenzie,
24 think that could be improved, you need to come up with
25 a benchmark that establishes what level of improvement
56: 1 you ought to try to achieve.

2 A. Yes.

3 Q. That's what you mean by establish a vision.

4 A. Yes.

5 Q. Okay. That's very helpful. In the course of
6 performing the activities that fall under the broad
7 five-stage process that you described, Conway
8 MacKenzie looked at pretty much every area of the
9 City's operations, isn't that correct?

10 A. Yes.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 56 Ln: 11 - Pg: 58 Ln: 15

Designation:

56:11 Q. Now, I know that you were working with other people,
12 subject matter experts and so forth, but do you agree
13 that Conway MacKenzie itself in order to render its
14 advisory services to the City had to make sure that it
15 understood the issues facing each of the departments
16 it was reviewing?

17 A. Yes.

18 Q. So for example had to restructure the Fire Department,
19 correct?

20 A. Yes.

21 Q. That meant had to understand the problems facing the
22 Fire Department, right?

23 A. Yes.

24 Q. Had to talk to firefighters, right?

25 A. Yes.

57: 1 Q. Had to review reports on firefighter effectiveness,
2 right?

3 A. Yes.

4 Q. On a host of different metrics?

5 A. Yes.

6 Q. Had to understand how blight affected fire operations,
7 right?

8 A. Yes.

9 Q. Had to assess the vehicles in the fleet and the

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

10 maintenance schedules, correct?

11 A. Yes.

12 Q. Had to evaluate the number of uniforms versus
13 civilians that were manning positions in the Fire
14 Department, correct?

15 A. Yes.

16 Q. And it had to come up ultimately with recommendations
17 aimed at dramatically improving the Fire Department's
18 effectiveness, correct?

19 A. Yes.

20 Q. And it had to do all of those things as well with
21 respect to the Police Department too, right?

22 A. Yes.

23 Q. It also had to study the problem of blight in the city
24 of Detroit, right?

25 A. Yes.

58: 1 Q. That's a massive problem, isn't it?

2 A. Yes.

3 Q. It had to study the assessor's office, correct?

4 A. Yes.

5 Q. Had to understand how the City conducts valuations and
6 the accuracy of those valuations, correct?

7 A. Yes.

8 Q. Had to assess the City's collection of real estate
9 taxes, right?

10 A. Yes.

11 Q. Had to assess the City's collection of income taxes?

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

12 A. Yes.

13 Q. Had to assess the Detroit Department of
14 Transportation?

15 A. Yes.

Pg: 58 Ln: 16 - Pg: 59 Ln: 2

Designation:

58:16 Q. Had to understand how DDOT subsidies work?

17 A. A subsidy is by its nature whatever the department is
18 operating at with a deficit.

19 Q. It had to understand what the subsidies were and what
20 they could be used for, correct?

21 A. There's not a -- a subsidy is more, when you're
22 talking about DDOT, whatever the deficit is for the
23 department, that is the subsidy. There is not a
24 specific amount given in the form of a subsidy that is
25 used for specific purposes.

59: 1 Q. I see. It's the deficit is the subsidy.

2 A. Yes, sir.

Pg: 59 Ln: 5 - Pg: 60 Ln: 14

Designation:

59: 5 Q. I thought DDOT got subsidies perhaps from other
6 agencies though outside of the city of Detroit, is
7 that wrong?

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

8 A. You may be referring to more grants.

9 Q. That could be a better word for it.

10 A. Yeah. DDOT certainly receives a number of grants,
11 including from federal sources. The subsidy as it
12 relates to DDOT is, as I mentioned, the deficit which
13 the general fund of the City has to cover.

14 Q. That's very helpful. Okay. Thank you for explaining
15 to that me. Maybe I can ask the question better now
16 that I inside what I'm talking about.

17 As part of the DDOT review, you had to
18 understand the existence of state or federal grants,
19 what they were, how much they were and how they could
20 be used, correct?

21 A. Yes.

22 Q. You also had to understand what the subsidy was
23 presently from the City of Detroit and what it was
24 forecasted to be in the future, correct?

25 A. Yes.

60: 1 Q. You also had to understand, for example, how DDOT,
2 what DDOT's fares were and whether increases would
3 generate revenue, correct?

4 A. Yes.

5 Q. You also had to understand the labor policies in the
6 City of Detroit, correct?

7 A. Yes.

8 Q. And understand all of its collective bargaining
9 agreements, right?

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 10 A. Yes.
- 11 Q. How many does it have?
- 12 A. Approximately 46.
- 13 Q. So a lot.
- 14 A. Yes.

Pg: 60 Ln: 15 - Pg: 61 Ln: 3

Designation:

- 60:15 Q. Okay. And how many unions are there?
- 16 A. I don't know how many specific unions there are,
- 17 because there are some locals that essentially are
- 18 handled together for negotiations.
- 19 Q. You had to understand how the collective bargaining
- 20 agreements might be impacting the delivery of services
- 21 in the city of Detroit, correct?
- 22 A. Yes.
- 23 Q. That's with respect to all 46 of those CBAs, right?
- 24 A. Yes, and I would just point out, recall that we did
- 25 prioritize activities, so we would not necessarily
- 61: 1 spend time on a collective bargaining agreement that
- 2 involved five people, versus one that may have
- 3 involved 3,000 people.

Pg: 61 Ln: 18 - 24

Designation:

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

61:18 Q. Fair to say that you would have tried to understand
19 the important ones?
20 A. Yes, sir.
21 Q. And try to understand the important ones and their
22 impact on the delivery of services by the unions that
23 operated underneath them?
24 A. Yes, sir.

Pg: 61 Ln: 25 - Pg: 62 Ln: 2

Designation:

61:25 Q. And about how many of the 46 would you fairly
62: 1 characterize as important?
2 A. How do you define important?

Pg: 62 Ln: 5 - 19

Designation:

62: 5 Q. Let's say important can be measured either by
6 reference to governing a lot of people or relating to
7 a particularly important area of the City's
8 performance.
9 A. Within the Police Department there are three primary
10 collective bargaining agreements between the DPOA,
11 DPLSA, and DPCOA, and then within fire you have the
12 DFFA. Between those two you're talking about 3500 to
13 4,000 employees. On DDOT, I think you have

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

14 approximately 900 employees. Those items alone
15 represent about half of the employees of the City of
16 Detroit.

17 So we certainly would have spent a good
18 amount of time on those. As you work your way down,
19 the CBAs cover fewer people.

Pg: 62 Ln: 20 - Pg: 63 Ln: 6

Designation:

62:20 Q. Let me stop and ask you about CBAs, because I will
21 tell, I'll confess to you in connection with your
22 deposition, I haven't read any of the CBAs yet, but
23 it's my understanding that they're highly negotiated
24 documents that contain a lot of regulations that
25 relate to what an employee can or cannot do under the
63: 1 collective bargaining agreement. Is that a fair
2 statement?

3 A. It is a fair statement. They're also, very oftentimes
4 there's arbitration that occurs over these as well,
5 and so there are rulings that come out of arbitration
6 that also get incorporated into the overall contract.

Pg: 63 Ln: 7 - Pg: 64 Ln: 7

Designation:

63: 7 Q. Is it true that in order to improve the services that

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

8 the City provides that what we'll describe as its
9 important collective bargaining agreements along the
10 lines of how I just defined will need to be modified
11 in order to allow for that enhancement to occur?

12 A. I don't think that that's a fair statement.

13 Q. You don't think so? How come?

14 A. I think that there are a number of things that can
15 happen to improve how the City government operates
16 before you even start talking about collective
17 bargaining agreements, that is an important element,
18 but it is not a precursor to all of the improvements.

19 Q. That's a fair correction of my question, which is to
20 say it's not the only way to improve the provision of
21 services, right?

22 A. That's correct.

23 Q. You can spend money on the departments and leave the
24 collective bargaining agreement in place and hopefully
25 improve that department, right?

64: 1 A. Yes.

2 Q. But modifying the collective bargaining agreements is
3 one way to improve the services, correct?

4 A. Depending on the department, yes.

5 Q. And it can be an important way to improve the
6 services, depending on the department, correct?

7 A. It could be, yes.

Pg: 64 Ln: 8 - 13

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Designation:

64: 8 Q. Wouldn't you agree that as part of your work in order
9 to meaningfully advise Mr. Orr on how to improve City
10 services, you did need to understand which of the CBAs
11 were of the category that where modifications might
12 play an important role in improving services?
13 A. Yes.

Pg: 65 Ln: 3 - 16

Designation:

65: 3 Q. Okay. So Conway MacKenzie's tracking how those guys
4 were doing, it's not in the lead role in terms of
5 understanding how best to handle lighting.
6 A. That's right.
7 Q. And by the way, lighting and the grid are technically
8 two different things, but I assume they go together
9 for purposes of the question I just asked you?
10 A. Yes, sir, that's fine, we can take it that way.
11 Q. Yeah. I just didn't want to leave the -- I had
12 started asking you about the grid and we shifted over
13 to talk about lighting, but your answers would be the
14 same whether I asked you about the grid or about
15 lighting.
16 A. Yes, sir.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 65 Ln: 17 - 25

Designation:

65:17 Q. You had to -- Conway MacKenzie did have to study the
18 EMS services, correct?
19 A. Yes.
20 Q. Those were the emergency medical services, right?
21 A. Yes.
22 Q. Those are the guys that drive the ambulances, right?
23 A. Yes.
24 Q. Understand everything there was to know about their
25 effectiveness in delivering services, correct?

Pg: 66 Ln: 3

Designation:

66: 3 A. Yes.

Pg: 66 Ln: 5 - Pg: 68 Ln: 4

Designation:

66: 5 Q. You had to understand issues relating to homeland
6 security as well, right?
7 A. A fair amount, yes.
8 Q. By homeland security, I take it you mean the federal
9 Department of Homeland Security?
10 A. Yes. There is an element, this is something that we

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

11 specifically did not spend much time on, but when we
12 talk about public safety, public safety typically
13 would include police, fire, EMS and Department of
14 Homeland Security.

15 Q. I think I understand that in the sense that, because
16 the Department of Homeland Security as I understand it
17 doesn't have guys that run around and keep us all
18 safe, they liaise with other departments, as I
19 understand it, the federal Department of Homeland
20 Security.

21 So tell me what you mean when you include
22 the Department of Homeland Security, which is a
23 federal agency with three other things that are very
24 clearly City departments. I know that it does impact
25 safety but I just want to understand what you mean by
67: 1 including it with the other three.

2 A. I think you actually stated it well, which is,
3 obviously with Detroit being a border town with
4 another country, the Department of Homeland Security
5 is an important element here. The public safety
6 resources that exist within the City may be impacted
7 by the Department of Homeland Security.

8 Understanding that is one aspect, we were
9 not involved in doing anything else other than just
10 having a general understanding of how the Department
11 of Homeland Security comes into play, especially as it
12 relates to the City of Detroit.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

13 Q. I see. So let me see if I can state it in a way that
14 is accurate and that you agree with, which is, the
15 Department of Homeland Security may promulgate some
16 regulation that says in the event of a nuclear attack,
17 this is how first responders need to conduct
18 themselves, just as an example. I'm making that up as
19 an illustrative example.

20 A. That's correct.

21 Q. Although I do hope we have a plan like that. Your job
22 was to make sure that you were considering the way
23 that plan could affect the provision of services by
24 these departments that you were studying, is that
25 right?

68: 1 A. Yes.

2 Q. So that's why you included it in your description of
3 things that impact public safety.

4 A. Yes.

Pg: 68 Ln: 5 - Pg: 69 Ln: 25

Designation:

68: 5 Q. You also had to study the Detroit Water and Sewage
6 Department, correct?

7 A. Yes.

8 Q. And my understanding that throws off something like a
9 billion, in excess of a billion dollars in revenue
10 total, is that correct?

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

11 A. Yes.

12 Q. And the City's general fund is, entails revenues in
13 excess of a billion dollars, correct?

14 A. Approximately a billion to a billion one, depending on
15 if you are including some gross or net items, we
16 always view the general fund revenue as between a
17 billion and a billion one.

18 Q. With respect to the DWSD, you had to understand not
19 only how it was performing -- right? -- but also
20 whether or not it might be monetized, is that correct?

21 A. Just as a point of clarification. I believe that we
22 are still talking about the January through June 14th
23 time period.

24 Q. We are.

25 A. During that time period we did not have any
69: 1 involvement with DWSD. Our activities, the activities
2 that we were requested to undertake related to DWSD
3 began in July.

4 Q. So you had not studied prior to the proposal to
5 creditors ways to improve the services of the DWSD?

6 A. DWSD, there's an important element. Because it
7 operates as an enterprise fund, they -- unless an
8 enterprise fund would -- the Department of
9 Transportation is an enterprise fund; however, it
10 operates at a deficit, and so the general fund has to
11 subsidize that operation; so we included DDOT within
12 our activities because of the subsidy that comes from

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

13 the general fund.

14 DWSD does not operate at a deficit. The
15 surplus, however, cannot flow to the general fund, and
16 so the proposal to creditors was based on a general
17 fund projection, and as a result, the subsequent
18 activities occurred related to the enterprise fund
19 operations of the water and sewer funds.

20 Q. Oh, I see. Okay. So the one thing that was making
21 money was not, was an enterprise fund that you were
22 not focused on between January and June, there were
23 enterprise funds that you were looking at like parking
24 and DDOT where they run at a deficit.

25 A. Yes.

Pg: 70 Ln: 22 - Pg: 71 Ln: 12

Designation:

70:22 Q. Another thing that you were doing personally was also
23 understanding the pension obligations of the City of
24 Detroit, correct?

25 A. Yes.

71: 1 Q. Now, you had help from Milliman as well on that,
2 right?

3 A. Yes.

4 Q. But the pension issue is a sizeable issue in its own
5 right, is that a fair statement?

6 A. Yes.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 7 Q. And it's a complicated one, correct?
- 8 A. Yes.
- 9 Q. And you also were able to develop a sufficient
- 10 understanding to advise Mr. Orr on that subject prior
- 11 to the June 14th proposal as well, correct?
- 12 A. Yes.

Pg: 71 Ln: 13 - 25

Designation:

- 71:13 Q. Now, I ticked off a number of departments that I won't
- 14 go through exhaustively, but that included police and
- 15 fire and EMS, the fact of the matter is there are over
- 16 a dozen more departments that I didn't specifically
- 17 ask you about that Conway MacKenzie was also studying
- 18 and understanding, right?
- 19 A. Yes. When you say a dozen more, that's, you know, a
- 20 broad statement, but yeah, there were other high
- 21 priority departments that I identified earlier on, but
- 22 there are also other very low priority departments as
- 23 well.
- 24 Q. You triaged, right?
- 25 A. Yes.

Pg: 72 Ln: 1 - 3

Designation:

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

72: 1 Q. But you did get through all the departments prior to
2 the June 14th proposal.

3 A. Yes.

Pg: 72 Ln: 4 - Pg: 73 Ln: 14

Designation:

72: 4 Q. Now, in addition to understanding these departments,
5 you also had to understand the appropriate benchmarks
6 for all of these departments, correct?

7 A. Where it was applicable we attempted to establish
8 benchmarks, yes.

9 Q. Give me an example of where a benchmark could be
10 applicable versus one where it might not be
11 applicable.

12 A. On the police side of things, certainly that was where
13 data was fairly readily available in terms of crime
14 statistics that we could compare the city of Detroit
15 to other municipalities, and looking at, again because
16 that is such a critical element, certainly half of the
17 general fund comes from police and fire. So looking
18 at those benchmarks was a very important process.

19 Q. What's an example of where a benchmark might not be
20 applicable?

21 A. I don't know if it would make sense to say that
22 there's an area that a benchmark may not be
23 applicable. When we look at a specific department,

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

24 depending on how the department is operating, it may
25 not be such that this is the type of information that
73: 1 you can benchmark with other municipalities.
2 Q. Because it might just not be available?
3 A. Right.
4 Q. Or because they may be organized differently or
5 something like that?
6 A. Yes.
7 Q. So let me rephrase my question, which is, you had to
8 assess whether there were applicable benchmarks out
9 there outside of the city of Detroit that you could
10 use to benchmark the provision of services inside the
11 city of Detroit.
12 A. In conjunction with the City we decided whether we
13 would, for each area, try to obtain benchmarks or if
14 for a particular area we would not.

Pg: 73 Ln: 15 - Pg: 74 Ln: 5

Designation:

73:15 Q. In general, I know that you can talk about a lot of
16 specific benchmarks, and we will today in terms of
17 case closure rates or response times, in general, was
18 there a benchmarking level that Conway MacKenzie
19 recommended getting the City to?
20 A. Generally speaking, the approach that we tried to get
21 was to average, if you will, and I believe that's what

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

22 you're referring to when you say was there a level.

23 Q. That is exactly right.

24 A. We did not, when we set out what initiatives would be

25 undertaken, it was not to get the City to be world

74: 1 class. You have to walk before you run.

2 So walking in our minds was to get to --

3 get the City to a minimum level of performance that

4 would be average, if you will, when comparing to other

5 benchmarks.

Pg: 74 Ln: 6 - Pg: 75 Ln: 4

Designation:

74: 6 Q. Is it fair to say that the goal of the 10-year
7 restructuring and reinvestment initiatives is to bring
8 the City up to a level where the services it provides
9 are consistent with national benchmarking averages to
10 the extent they are available and applicable?

11 A. Not just national. What's very important actually,
12 because someone, while someone may move from the city
13 of Detroit to some other city in the country, what
14 happens more often, and what has happened is people
15 moving out of the city into surrounding suburbs, and
16 so that becomes a very relevant benchmark.

17 We have to make sure that the dollars that
18 someone pays in terms of taxes can get them
19 commensurate services with another choice they would

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

20 have in terms of moving to another surrounding city.

21 Q. So you said not just national, I take it you mean we
22 also considered trying to elevate services to average
23 benchmarks of surrounding communities?

24 A. Yes.

25 Q. Is that correct?

75: 1 A. Yes.

2 Q. And what about other comparable municipalities, was
3 that another source of average benchmarking?

4 A. Certainly.

Pg: 75 Ln: 5 - Pg: 76 Ln: 15

Designation:

75: 5 Q. Other than those three things, national averages,
6 surrounding Detroit municipality averages, and other
7 comparable municipality averages, any other types of
8 averages that you would have used as a benchmark?

9 A. Well, the department personnel typically would provide
10 input as well in terms of where they felt the City
11 department would need to be in terms of how it
12 performed.

13 Q. So you appropriately qualified my question to you by
14 saying it wasn't just national averages, so thank you
15 for that. The part of my question though was that the
16 time frame for achieving whatever average the City is
17 trying to achieve, subject to your qualification, is

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

18 that by the end of the 10 years hopefully all of the
19 City services will meet up with whatever average they
20 are seeking to attain.

21 A. I would qualify that statement in that we did not set
22 out the target to be there in 10 years. We think it's
23 very important, every trend that you look at for the
24 City has been declining, whether it's population loss
25 or any other items that you look at. Those have to be
76: 1 fixed soon.

2 For people to be attracted to live or
3 locate their businesses in the city, it's not a very
4 good proposition to lay out in 10 years we're going to
5 be average. So while our plan covered 10 years, it
6 was not the goal that we were going to take 10 years
7 to get to average.

8 Q. What is the -- what is the hope with respect to when
9 Detroit will achieve average level of service
10 provision irrespective of which particular benchmark
11 average we're talking about?

12 A. It depends on the area. Some areas we are going to be
13 able to get there sooner rather than others. Others
14 there's a very comprehensive set of activities that
15 needs to occur that will likely take years.

Pg: 76 Ln: 16 - Pg: 78 Ln: 2

Designation:

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

- 76:16 Q. The hope is to get as many of the services up to the
17 appropriate average in a time period that is far
18 shorter than 10 years, fair statement?
- 19 A. Yes.
- 20 Q. And that's the goal that the restructuring and
21 reinvestment initiatives are driving at, correct?
- 22 A. Yes.
- 23 Q. Isn't it a fair statement that the current service
24 level provision in the city of Detroit would rank near
25 the bottom of whatever scale it was that you were
77: 1 determining the average that was its benchmark?
- 2 A. We did not come across anything where Detroit was
3 stellar.
- 4 Q. But isn't it true, it's not just that it's not
5 stellar, I think that's certainly a true statement,
6 but that it's in your view it's operating near the
7 bottom of any list that you would compile of the
8 different types of service provision?
- 9 A. I think that's true.
- 10 Q. And what you are seeking to do and what the City is
11 seeking to do with the restructuring and reinvestment
12 initiatives is lift it from the bottom up to the
13 average, correct?
- 14 A. Yes.
- 15 Q. Is it fair to say that that is a challenging task?
- 16 A. Certainly can be.
- 17 Q. And it will be in the City of Detroit, right?

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

18 A. The City has a number of things that position it to
19 deal with those challenges better than it has in a
20 number of years.

21 Q. Do you know of any other city in the United States
22 that's ever made a similar level of improvement?

23 A. We have not researched that, so I don't know off hand.

24 Q. So I take it you don't know what it would have cost
25 any other city to undertake a similar level of
78: 1 improvement.

2 A. Correct, I would not know that.

Pg: 78 Ln: 3 - 12

Designation:

78: 3 Q. When you collect information for benchmarking, how do
4 you do it?

5 A. Well, there's a variety of ways. There can be
6 publicly-available information, such as comprehensive
7 annual financial reports from municipalities, there
8 are some organizations that track operating statistics
9 and you can also actually talk to the municipalities
10 themselves.

11 Q. Did you do all of those things?

12 A. Yes.

Pg: 79 Ln: 8 - 19

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Designation:

79: 8 Q. Start with the Internet, but in terms of trying to get
9 benchmarking information, were you able to get
10 benchmarking information on all the subjects that you
11 needed to or were there a lot of areas where you just
12 couldn't obtain good benchmarks?

13 A. In most situations we're not able to get all the
14 information that we would like to have; so whether
15 we're talking about a corporate situation or a
16 municipal situation, there's always more information
17 that you would like to have, but because
18 municipalities are public entities, there's a fair
19 amount of information that's out there.

Pg: 79 Ln: 24 - Pg: 81 Ln: 20

Designation:

79:24 Q. After all of the work that you did that we have been
25 discussing so far in your deposition, you ultimately
80: 1 made a recommendation to the emergency manager as to
2 what the restructuring and reinvestment initiative
3 should be and how much you thought they would cost, is
4 that correct?

5 A. Yes.

6 Q. Your recommendation was that the City should spend
7 \$250 million over 10 years on restructuring
8 initiatives and a billion dollars over 10 years on

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

9 reinvestment initiatives, is that correct?

10 A. Yes.

11 Q. And was that recommendation to the emergency manager

12 something that he accepted?

13 A. Yes.

14 Q. In fact, he accepted it and included it in the

15 June 14th proposal to creditors, correct?

16 A. Yes.

17 Q. And that's -- that was included so that people could

18 see how the restructuring and reinvestment initiatives

19 would impact the City's cash flows over the next 10

20 years and thus inform what may or may not be available

21 for creditors, correct?

22 A. Yes.

23 Q. Amongst other reasons?

24 A. Yes.

25 Q. When did you get to the \$1.25 million number, by what

81: 1 date?

2 A. We would have finalized that in early June, sometime

3 prior to June 14th, but that period of time between

4 the beginning of May and June 14th is when we would

5 have finalized that number.

6 Q. Now, that \$1.25 billion number has not changed since

7 June 14th, correct?

8 A. Correct.

9 Q. It is still the City's intention to pursue

10 \$1.25 billion in restructuring and reinvestment

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

11 initiatives even as we sit here in December 2013,
12 correct?
13 A. Yes.
14 Q. Now, at the time that it made its recommendation, the
15 City of Detroit had not yet filed for bankruptcy,
16 correct?
17 A. Correct.
18 Q. And it was not known at that time whether the City
19 would or would not file, right?
20 A. Correct.

Pg: 81 Ln: 21 - Pg: 82 Ln: 11

Designation:

81:21 Q. How did Conway MacKenzie determine how much money it
22 thought the City should spend on the restructuring and
23 reinvestment initiatives?
24 A. Well, it was a, as I say, a very iterative process,
25 which had at its goal what does the City need to do in
82: 1 order to be able to operate effectively, and those
2 were the recommendations that we made in order for
3 that to happen.
4 Q. So is it a fair statement to say that you had the goal
5 of making the City, you had the goal of trying to get
6 the City to operate effectively, you made an
7 assessment of what needed to be done to achieve that
8 goal, and then you made an assessment of how much it

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

9 would cost to achieve the things that needed to be
10 done to meet the goal.
11 A. Yes.

Pg: 82 Ln: 12 - 19

Designation:

82:12 Q. In considering how much the City should spend on the
13 restructuring and reinvestment initiatives, did Conway
14 MacKenzie make any effort to determine how much the
15 City had to spend? How much was available to the City
16 to spend.
17 A. As it relates to the work that we did in coming up
18 with these items, we did that without regard to what
19 cash was available.

Pg: 82 Ln: 20 - Pg: 83 Ln: 4

Designation:

82:20 Q. Is it fair to say you were told go figure out what we
21 need to do to achieve our goals of effective service
22 provision, how much it will cost, and come back and
23 tell me the answer, don't worry about what we have to
24 work with?
25 A. I think that's a fair statement. Now, obviously no
83: 1 one said those exact words, but yes, how you have
2 characterized it, which is go figure out what it will

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

3 take to get us to the point where we're operating
4 effectively.

Pg: 83 Ln: 5 - 21

Designation:

83: 5 Q. And that direction came to you from Mr. Orr?
6 A. It would have started actually with the people that
7 were involved prior to Mr. Orr's appointment.
8 Q. And that was, tell me that gentleman's name again.
9 A. Chris Andrews was the, he started off as program
10 management director. He moved into the chief
11 operating officer role. He was our primary person
12 with whom we interacted.
13 Q. And the direction that he gave you that you summarized
14 well for me was consistent with the direction that
15 Mr. Orr gave you in terms of how you should continue
16 doing what you were doing.
17 A. Yes.
18 Q. Mr. Orr didn't say stop, wait, you're going about it
19 all wrong. He allowed you to continue doing the
20 process the way you described it.
21 A. That's correct.

Pg: 83 Ln: 22 - 24

Designation:

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

83:22 Q. Now, you're an experienced turnaround guy and you I
23 think live around here, is that correct?
24 A. Yes.

Pg: 83 Ln: 25 - Pg: 84 Ln: 6

Designation:

83:25 Q. So you were aware that the City had substantial debts,
84: 1 correct?
2 A. Yes.
3 Q. But your process involved putting your awareness of
4 those debts to one side and considering what needed to
5 be done and how much it would cost, is that correct?
6 A. Yes.

Pg: 84 Ln: 7 - Pg: 85 Ln: 11

Designation:

84: 7 Q. Now, what role did Ernst & Young have in formulating
8 the amount of the restructuring and reinvestment
9 initiatives, the amount of spending over the 10 years?
10 A. The way that the process worked is that Ernst & Young
11 prepared what we refer to as a baseline financial
12 projection, which is going out 10 years, based on how
13 the City is operating right now, what the City's
14 financial picture would look like.
15 Conway MacKenzie's work product, which are

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

16 the restructuring and reinvestment initiatives, were
17 then layered on top of that by department to then come
18 up with what is referred to as the restructured
19 financial projection going out 10 years. That's how
20 that came together.

21 Q. And then there was a necessary third step, right?
22 Because when you layered those things together, the
23 City obviously operated in even deeper deficit than it
24 did prior to the reinvestment initiatives, right?

25 A. Yes.

85: 1 Q. The third step was to take the unsecured legacy
2 liabilities and back them out of the equation to see
3 whether the City could afford the restructuring and
4 reinvestment initiatives and to see if there was any
5 money left over for those unsecured creditors, right?

6 A. Essentially, yes. It was looking at taking the
7 revenue that was coming into the City, the expenses
8 that would remain, the reinvestment and restructuring,
9 and then figuring out after that what cash the City
10 would have to pay towards its obligations. Previous
11 obligations I should say.

Pg: 85 Ln: 16 - 23

Designation:

85:16 Q. But it's fair to say that what the money that was
17 available for creditors came after the City assumed it

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

18 would be undertaking all of the restructuring and
19 reinvestment initiatives, correct?
20 A. That is how we have laid it out, yes.
21 Q. You backed into it so to speak.
22 A. We determined what cash would be available and then
23 that cash would go towards these previous obligations.

Pg: 85 Ln: 24 - Pg: 86 Ln: 23

Designation:

85:24 Q. Now, at the time that you made this proposal to
25 Mr. Orr that was then included in the June 14th
86: 1 proposal, what was your understanding about how the
2 restructuring and reinvestment initiatives would be
3 funded?
4 A. That discussion was something that essentially as we
5 were going through this was part of the financial
6 projection process, so as we layered on our
7 restructuring and reinvestment initiatives to the
8 Ernst & Young baseline forecast, we looked out and we
9 said there's a surplus here. That surplus over the
10 10-year period was approximately \$800 million.
11 So from that standpoint there was an
12 indication that this -- these items could be funded by
13 the City. The timing of those and whether there was
14 going to be sufficient cash by the City itself to fund
15 those certainly was not finalized or decided upon by

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

16 June 14th.

17 Q. I see. You're saying you looked in the aggregate and
18 understood whether you could make it work in the
19 aggregate over the 10-year period, with respect to how
20 any one year might be focused, funded, whether out of
21 operations or debt or whatever, you didn't look at
22 that until later.

23 A. That's right.

Pg: 86 Ln: 24 - Pg: 88 Ln: 7

Designation:

86:24 Q. I know that money is fungible, so I know that it's
25 tough to talk about what is the funding source for
87: 1 things, but at a logical level, isn't it fair to say
2 that what was funding the reinvestment and
3 restructuring initiatives that were being proposed
4 were the cuts to the unsecured creditors?

5 A. Not necessarily, because you have mentioned the
6 1.25 billion number. There are revenue initiatives of
7 approximately \$250 million during that time period and
8 then in addition to that an anticipated increase in
9 revenue of approximately \$350 million; so during that
10 10-year period there's \$600 million of additional
11 revenue that we anticipate would be coming in.

12 When you compare that to the 1.25, that
13 funds approximately half of that. Within that

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

14 \$1.25 billion, the City would have capital
15 expenditures, normal capital expenditures every year
16 anyways. This is not just incremental capital
17 expenditures. Within the \$1.25 billion, that is
18 complete capital expenditures.

19 Q. So okay, I think I understand what you said. Capital
20 expenditures in terms of average capital expenditures
21 that the City "typically makes."

22 A. Yes.

23 Q. Are included in the \$1.25 billion, as well as the
24 incremental capital expenditures you are recommending
25 that it makes.

88: 1 A. Yes.

2 Q. Even under the revenue enhancements that you hope that
3 the restructuring and re-initiatives will generate,
4 there's still a sizeable portion of the restructuring
5 and reinvestment initiatives that it was anticipated
6 by logical extension would be funded by cuts to
7 creditors, correct?

Pg: 88 Ln: 10 - Pg: 89 Ln: 8

Designation:

88:10 A. The -- taking a step back, again, capital expenditures
11 of any kind are included in the \$1.25 billion. There
12 is an amount that would have to be there no matter
13 what.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

14 If you look at what that amount may be
15 based on history, there's an argument to be made that
16 perhaps \$600 million of that 1.25 would be there
17 anyways; so it could be that that -- of that 1.25, the
18 incremental portion is funded through the revenue
19 initiatives.

20 BY MR. HACKNEY:

21 Q. At some point we're kind of engaging in a mental
22 exercise to begin with by talking about what dollar is
23 funding what, I understand that, but that's in part
24 your answer that you just gave me would be based on
25 whether you would allocate the capital expenditures
89: 1 that the City was going to make anyway over the 10
2 years to the non-revenue enhancing side of the
3 funding, right?

4 A. Yes.

5 Q. If I put it over on the other side and said revenue
6 enhancements will pay for all the stuff we're going to
7 do anyway, the cuts to creditors are the ones that
8 will fund the incremental investment.

Pg: 89 Ln: 11 - 22

Designation:

89:11 A. I would point out to you that looking back over the
12 last 10 years, there's never been a year where the
13 capital expenditures have been lower than \$12 million

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

14 a year, and even during the lightest period of time,
15 the average was typically closer to 28 to \$30 million
16 a year.

17 So it is just not reasonable to assume that
18 the City could not spend anything on capital, and
19 again I understand money is fungible, and whichever
20 bucket you would want to put it in, but there has to
21 be some level of spending that the City undertakes as
22 it relates to capital expenditures.

Pg: 89 Ln: 24 - Pg: 91 Ln: 15

Designation:

89:24 Q. Fair enough. By the way though, if -- what did you
25 say, did you say that you knew what the average
90: 1 capital expenditures was say over the prior 10 years?

2 A. Yes.

3 Q. What was it?

4 A. We break it into two time periods actually, so 2007
5 through 2012, where the City was experiencing
6 significant budgetary issues, I believe that the
7 average was in the neighborhood of around 28 million
8 per year, 25 to \$30 million.

9 If you look at 2003 through 2006, I think
10 that average, if I recall correctly, was closer to
11 around \$60 million per year.

12 Q. So with respect to the 2007 to 2012 average, the

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

13 restructuring and reinvestment plan on average looks
14 to quadruple the amount of capital investment in any
15 one year?

16 A. Not correct, the 1.25 billion includes \$300 million
17 related to labor and expense-type items; so of the
18 \$950 million that remains, that would be comparing the
19 \$300 million that I think you just were referring to
20 to the \$900 million. 500 of that 950 is blight
21 removal.

22 So really what we're talking about in terms
23 of an apples to apples comparison is \$300 million
24 versus \$450 million using an average for the 2007
25 through 2012 time period, which was a very, very light
91: 1 year, or light years in terms of capital expenditures.

2 Q. Okay. If you didn't take out the blight though,
3 because it is a capital expenditure the City is
4 making, you would be comparing approximately \$300
5 million a year in, I'm sorry, \$300 million over a
6 10-year period?

7 A. Yes.

8 Q. If you annualized the 2007 to 2012 period, to
9 approximately a billion dollars of capital spending
10 over a 10-year period, correct?

11 A. Yes, that's a fair statement. If you annualized the
12 average from 2007 to 2012 and you multiplied that by
13 10, and you compare that to the 950.

14 Q. You're looking at about a tripling.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

15 A. Approximately.

Pg: 92 Ln: 6 - 14

Designation:

92: 6 So I think this should be obvious from your
7 testimony but let me ask it anyway, which is, isn't it
8 true that as Conway MacKenzie was assessing how much
9 to spend on restructuring and reinvestment
10 initiatives, it was not considering what was fair and
11 equitable to the City's creditors?
12 A. I think that's a fair statement. We were focused on
13 what is necessary to make the City operate
14 effectively.

Pg: 92 Ln: 15 - 18

Designation:

92:15 Q. No one charged Conway MacKenzie with assessing what
16 was fair and equitable to the City's creditors,
17 correct?
18 A. I think that's a fair statement.

Pg: 92 Ln: 19 - 20

Designation:

92:19 Q. Was anyone inside the City making that determination

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

20 to your knowledge?

Pg: 92 Ln: 21 - Pg: 93 Ln: 3

Designation:

92:21 A. Could you clarify when you say determining what is
22 fair and equitable to creditors?
23 Q. I'm not sure that I can. I think at some point it
24 just, those are certainly words that come from the
25 Bankruptcy Code I think, but I guess what I'm asking
93: 1 is was there anyone out there who was looking at what
2 recoveries to creditors would be fair, viewed from the
3 perspective of creditors?

Pg: 93 Ln: 6 - 10

Designation:

93: 6 A. The proposal for creditors, the June 14th document
7 that you referred to, has a proposed treatment for
8 creditors, and based on statements I've heard
9 directly, certainly is the City's view that that
10 proposes a fair treatment for creditors.

Pg: 93 Ln: 12 - Pg: 94 Ln: 2

Designation:

93:12 Q. Now, the -- the City's proposal to creditors, and I

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

13 want to put secured creditors to one side and just
14 talk about the unsecured creditors if we could, that
15 involved a \$2 billion pot of unsecured bonds, is that
16 correct?

17 A. That is one element.

18 Q. Was there another one for unsecured creditors?

19 A. The City indicated that, or we alluded to in the
20 proposal for creditors that we were going to undertake
21 a process to evaluate options for, as an example,
22 Detroit Water and Sewer Department, which could
23 enhance what would be available for creditors, and
24 then as the financial projection shows, that there was
25 excess cash over that time period which could
94: 1 potentially be available for satisfying claims as
 2 well.

Pg: 95 Ln: 15 - 18

Designation:

95:15 Q. Yeah. Did anyone, excluding legal advice, from the
 16 rest of the City's restructuring team communicate to
 17 you what they thought a fair recovery was for
 18 creditors?

Pg: 95 Ln: 24 - 25

Designation:

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

95:24 A. Seems to me that communications around those topics
25 typically involved counsel.

Pg: 96 Ln: 2 - 6

Designation:

96: 2 Q. Okay. Has anyone come to you after the bankruptcy has
3 started and said the amount, the reinvestment and
4 restructuring initiatives do not leave amounts that
5 are sufficient to fairly and equitably treat our
6 creditors?

Pg: 96 Ln: 11

Designation:

96:11 A. No communications that I recall outside of counsel.

Pg: 96 Ln: 24 - Pg: 97 Ln: 25

Designation:

96:24 Is it your understanding that the
25 anticipated size of the Quality of Life note will be
97: 1 somewhere in the neighborhood of \$120 million
2 depending on the termination expense of the swap?
3 A. Generally in that neighborhood, that amount depending
4 on as you say what the amount is at the date that that
5 swap would be taken care of.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 6 Q. For example, if interest rates rise, the swap
7 termination goes down, the proceeds available for
8 Quality of Life expenditures go up, right?
- 9 A. Yes, sir.
- 10 Q. And this is zero sum -- right? -- in the sense that if
11 the swap amount goes down, the proceeds that are now
12 available, whatever's left over of the 350 will be
13 used for Quality of Life.
- 14 A. Yes.
- 15 Q. So certainly the City's determined that it has had to
16 take debt with respect to this first time period of
17 reinvestment initiatives, correct?
- 18 A. Yes.
- 19 Q. What about the next nine years of reinvestment
20 initiatives, what do you anticipate will fund those?
- 21 A. The City's cash flow.
- 22 Q. Did Conway MacKenzie offer the City advice regarding
23 how big the Quality of Life note should be in terms of
24 sizing the DIP?
- 25 A. No.

Pg: 98 Ln: 19 - Pg: 99 Ln: 6

Designation:

- 98:19 Q. So I'm trying to understand how you plug into the
20 bankers who are sizing this \$350 million loan, does
21 that make sense?

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

22 A. It does, yes. This was an iterative process whereby
23 we looked at a few parameters that we were asked to
24 take into account as it relates to spending plans on
25 the initiatives.

99: 1 One was the City maintaining a certain
2 minimum cash balance. Another one would be trying to
3 enact the highest priority items. And so we, Conway
4 MacKenzie that is, would or did prepare schedules that
5 showed the timing of the spending on restructuring and
6 reinvestment initiatives.

Pg: 99 Ln: 7 - 11

Designation:

99: 7 Q. So basically it's fair to say that the City's
8 restructuring team came to you and your team and said
9 what are the most important reinvestment initiatives
10 that we should undertake the soonest and how much will
11 they cost in order to understand how to size the DIP?

Pg: 99 Ln: 14 - 17

Designation:

99:14 A. That's a fair statement, and as I mentioned, it was
15 iterative in terms of there was also an element of if
16 this is the amount that is obtained, how would you
17 schedule this out, so it was an iterative process.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 100 Ln: 6 - 25

Designation:

100: 6 Q. How do the first, I'm going to call it the first year,
7 I understand that the Quality of Life note, I saw for
8 example that you suggested that you might, if it is
9 120 million and we don't know the precise amount
10 because we don't know the swap, but if we use 120
11 million as a reasonable estimate that it might fund
12 six months' worth of reinvestment initiatives at \$20
13 million a month.

14 A. Approximately \$20 million per month is what we have,
15 yes.

16 Q. I know these numbers aren't definite but just in terms
17 of general assumptions, was the assumption that the
18 Quality of Life note will be approximately \$120
19 million and that it will be deployed at a rate of
20 about 20 million a month for six months?

21 A. One element that certainly was taken into account was
22 the City maintaining a certain cash balance, and so
23 yes, it turned out that if the amount of the Quality
24 of Life loan is 120 million, that's about the rate
25 that we could deploy, reasonably deploy that capital.

Pg: 102 Ln: 10 - 21

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Designation:

102:10 Q. So you answered a different question than I intended,
11 which was you basically said don't worry, we're going
12 to have enough money for all ten years, but I wanted
13 you to answer the question more if there isn't enough
14 money for the other nine years of reinvestment
15 initiatives, for whatever reason, but pretend someone
16 told you, Mr. Orr told you to assume that was the case
17 today, to what extent do the six months' of
18 reinvestment initiatives that you are about to
19 implement relate to the other nine and a half years in
20 a way that it would change how you would spend the
21 money, do you understand the question?

Pg: 102 Ln: 24 - Pg: 103 Ln: 10

Designation:

102:24 A. I do understand the question. Some projects have a
25 longer time period and they will require funds to be
103: 1 deployed over that longer time period. There are
2 other discrete projects where money can be spent now
3 and money will not have to be spent in the future.
4 And so this is obviously a very
5 hypothetical that you have put in front of me, which
6 is to say, if you have this amount this year and then
7 you know that you don't have anything else after that,
8 would you deploy any of it, and my answer to that is

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

9 most likely yes, because a number of these projects do
10 not require funds for future years.

Pg: 103 Ln: 11 - 18

Designation:

103:11 BY MR. HACKNEY:

12 Q. That's a perfect answer to the question, and I
13 understand exactly what you're saying. Can you give
14 us a sense of if the Quality of Life proceeds are 120
15 million, and you're now told there won't be any other
16 Quality of Life reinvestment initiatives in the next
17 nine and a half years, what portion of the 120 million
18 would you either not spend or redeploy?

Pg: 103 Ln: 21 - Pg: 104 Ln: 3

Designation:

103:21 A. This is a scenario that we have not looked at, and I'm
22 going to play that scenario back to you, which is to
23 say we would spend, we would implement the
24 restructuring and the reinvestment plan for year one
25 and then we would not do anything for years two
104: 1 through ten. That is not a scenario that we've looked
2 at and I'm not sure that's a reasonable scenario to
3 look at.

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

Pg: 104 Ln: 5 - 25

Designation:

104: 5 Q. Okay. Of the 120 million in Quality of Life proceeds,
6 how much of it relates to a project that won't be done
7 in the six-month period we were just talking about?

8 Let me give you an example.

9 When you buy Tasers, you send the money out
10 the door, the Tasers come in, you give them to the
11 cops, the police officers, from the standpoint of
12 buying Tasers, it's done, they now have the Taser.

13 A. Yes.

14 Q. Another example might be an ERP system where one half
15 of the implementation will be done in the next six
16 months but the next half won't be done until later
17 where you might not spend the first half if you were
18 not certain you could spend the second half, do you
19 understand that distinction?

20 A. I do understand.

21 Q. Can you categorize the approximately 120 million in
22 potential Quality of Life note proceeds according to
23 the -- those two categories?

24 A. No, not offhand. I would have to go through each
25 individual item to be able to answer that question.

Pg: 105 Ln: 1 - 22

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Designation:

105: 1 Q. And I take it you haven't done that as you sit here
2 today because you don't believe that will be the case.

3 A. I think we've evolved a little bit from your original
4 hypothetical. We certainly have looked at projects
5 from the standpoint of whether they are discrete or
6 whether they are over a longer period of time.

7 This is a very important element of what
8 the City has undertaken in its analysis, and when I
9 say the City, we worked very closely with the CFO
10 during the months of September and October, really
11 August and September primarily, regarding the
12 spending, and generally speaking no one would want to
13 undertake, back to your hypothetical, a scenario where
14 you would spend money without knowing that you're
15 going to be able to fund the whole thing.

16 And so we certainly have talked about
17 projects that are more discrete versus the longer
18 period of time.

19 Q. Fair statement, but when you're having those
20 interactions with him, one of the things that you have
21 to think about is what will the City be paying on its
22 unsecured legacy liabilities, correct?

Pg: 105 Ln: 25

Designation:

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

105:25 A. That is not necessarily correct.

Pg: 106 Ln: 2 - Pg: 107 Ln: 22

Designation:

106: 2 Q. Well, we're talking about a forecast, right?

3 A. Yes.

4 Q. So you have to go through all of the elements of the
5 forecast and compare it to the anticipated revenues to
6 see whether you have enough money, right?

7 A. Yes.

8 Q. So when you're talking to the CFO about whether you'll
9 have enough money for the whole ten years to implement
10 the reinvestment initiatives, what assumption was he
11 using as you understand it with respect to the
12 unsecured legacy liabilities?

13 A. Well, going back to the point that you made before,
14 money is fungible, and so as we sit here today, we
15 would not as an example lay off a thousand employees
16 just because we think that we may have to pay claims
17 on various unsecured creditors, unsecured obligations.

18 So to the extent that there is a scenario
19 whereby amounts have to get paid to the unsecured
20 creditors that go beyond what the City has, that to me
21 raises a question of whether that plan, if you will,
22 is even viable or feasible.

23 Q. Why?

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

24 A. Using the right term.

25 Q. Why is that?

107: 1 A. If the -- if there's a plan which provides for
2 payments on unsecured claims that is beyond what cash
3 flow exists for the City, then I question whether that
4 plan is feasible.

5 Q. After taking into account the anticipated
6 restructuring and reinvestment initiatives, right?

7 A. Correct. As I've pointed out earlier, I'm not sure
8 that you can necessarily separate those things out.
9 They have been viewed or characterized as incremental
10 and perhaps nice to have, and what I'm indicating is
11 that you can't separate that out. There's capital
12 expenditures that the City will have no matter what.

13 Q. I think I understand what you're saying. Let me make
14 sure I can state it in a way that hopefully will
15 reflect my understanding and you can tell me whether I
16 got it right or not, which is, when you're looking at
17 the next ten years, you're looking at the City's
18 operations plus the restructuring and reinvestment
19 initiatives, and to the extent creditor recoveries
20 exceeded any surplus, that would likely render such a
21 proposal infeasible from your standpoint.

22 A. Certainly could, yes.

Pg: 108 Ln: 19 - Pg: 110 Ln: 4

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Designation:

108:19 Q. I understand all of that but you do understand that
20 the plan here will necessarily be based in part at
21 least on future forecasts of what is likely to happen
22 over the next ten years, correct?

23 A. I do, yes.

24 Q. And that's in part because it is the, Mr. Orr's
25 proposal that proposes to give the general unsecured
109: 1 creditors debt, right?

2 A. Yes.

3 Q. And so in order to understand whether the City can
4 service that debt, you have to understand the
5 forecasted amount of revenues and expenses, right?

6 A. It depends on the terms of that debt.

7 Q. But fair enough. So if it was picked at you might not
8 have to?

9 A. That's correct.

10 Q. But the City has not proposed picked at, correct?

11 A. The City has not put forward its plan of adjustment.

12 Q. Let me see if I can state it in a way where we can
13 agree and move on in a more general level.

14 The anticipated revenues and operating
15 costs of the City considered in isolation from the
16 restructuring and reinvestment initiatives, plus the
17 restructuring and reinvestment initiatives and their
18 anticipated impacts on costs and revenues as well,
19 those two things together have necessary implications

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

20 for what is available to creditors.

21 A. I don't know if I agree with that statement. They
22 could, but they don't necessarily.

23 Q. I don't -- I mean, I don't mean to be flip, but how
24 much money the City plans to spend on itself over the
25 next ten years, and how much it thinks it's going to
110: 1 get necessarily relates to how much is left over for
2 the creditors, right?

3 A. It depends on if that is a source of recovery for the
4 creditors.

Pg: 110 Ln: 5 - 22

Designation:

110: 5 Q. Fair point. If there were asset sales, for example,
6 it might not matter that the City only had a small
7 incremental amount of money left over because
8 creditors might be getting a fair recovery from other
9 sources?

10 A. That's one example, yes.

11 Q. What's another one?

12 A. I just, that I would point out to you that as an
13 example.

14 Q. Okay, that's helpful. It's a fair characterization
15 you made there, fair qualification. Let me rope that
16 in though to my prior question, which is, if you
17 assume that there won't be material asset sales, and

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

18 that you only have the ongoing cash flows of the City
19 on a year-to-year basis to fund creditor recoveries,
20 the City's anticipated operating costs plus the
21 restructuring and reinvestment initiatives have
22 necessary implications for what that amount is.

Pg: 111 Ln: 1 - 6

Designation:

111: 1 A. Only to the extent that the net cash flow that the
2 City generates is used to satisfy creditor claims. If
3 the net cash flow from the City's operations is not
4 used to satisfy creditor claims, for whatever reason,
5 then it would not have implications for creditor
6 recoveries.

Pg: 111 Ln: 8 - Pg: 113 Ln: 2

Designation:

111: 8 Q. Okay. So if there are no asset sales and there's no
9 use of excess cash flow to satisfy creditor claims, am
10 I missing another possible bucket?
11 A. Mr. Hackney, I'm just saying that I don't think,
12 number one, the City has not put forward a plan of
13 adjustment, as such, I don't think that we can
14 automatically assume that recoveries to creditors have
15 to come from at least partially the City's net cash

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

16 flow from operations, and as such, I don't agree with
17 the statement that the spending that the City does
18 necessarily has implications on creditor recoveries.

19 Q. Remember though -- and I know it's 12:28, Bob --
20 remember though that I baked into my question the
21 assumption that there would be no asset sales.

22 A. I understand that, and what I'm saying is that those
23 are two separate items. If you necessarily, if you
24 assume that creditor recoveries have to come from net
25 cash flow from operations, then yes, there's an
112: 1 implication. I just don't think that that is an
2 assumption that necessarily or should be made.

3 Q. Fair enough. If creditor recoveries will only be
4 funded in part by asset sales, the reinvestment
5 initiatives have implications for the amount of excess
6 cash flow available to fund the other part of creditor
7 recoveries, correct?

8 A. Again, it's taking it one step further that I don't
9 agree with, and that is that a source of recovery for
10 creditor claims is net cash flow from operations. I
11 don't know, as we sit here today, no one knows what
12 the different sources of recovery for creditor claims
13 may be.

14 And so I'm not prepared to make the
15 assumption that under any scenario that net cash flow
16 from operations has to be a source for a creditor
17 recoveries.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

18 Q. That's a great point. As you stated, there is no plan
19 of adjustment right now, correct?

20 A. The City has not filed its plan of adjustment.

21 Q. So you don't know how unsecured creditors will be
22 treated under that plan as you sit here today,
23 correct?

24 A. I specifically don't know.

25 Q. And you don't know what their recoveries will be,
113: 1 correct?

2 A. That is correct.

Pg: 113 Ln: 10 - Pg: 114 Ln: 15

Designation:

113:10 Q. I am sorry to interrupt, but I thought I asked you a
11 bunch of questions saying doesn't it have implications
12 and you said not necessarily, and now I'm saying you
13 can't say whether it has implications and you're
14 disagreeing with that as well?

15 A. Yes, sir. And the reason why is I'm not prepared
16 today to say that creditor recoveries, or at least a
17 portion of creditor recoveries have to come from net
18 cash flow from operations.

19 Now, with that said, there are elements as
20 it relates to confirming a plan of adjustment that
21 certainly I am aware of, and I know one element is
22 that the plan is feasible, and so we know that for a

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

23 plan to get confirmed, it needs to be feasible.

24 If we have a situation where creditor

25 recoveries are beyond what resources are available

114: 1 from the City, then that's not feasible. That plan

2 likely would not be deemed feasible.

3 And so because of that, the -- those

4 elements give me comfort in making that statement as

5 it relates to whatever plan of adjustment occurs. I

6 know it has to be deemed feasible for it to be

7 confirmed.

8 Q. And by the way, if the creditor recoveries didn't

9 leave enough money, that statement that you made, it

10 would be infeasible, it would not be feasible, that's

11 assuming that the full amount of the reinvestment

12 initiatives are planned, right?

13 A. I'm not making that assumption. All I'm making the

14 assumption of is that for a plan to be confirmed, it

15 needs to be deemed feasible.

Pg: 115 Ln: 10 - Pg: 116 Ln: 7

Designation:

115:10 Q. We also talked about what I'll call competitive

11 municipalities, which are municipalities that you

12 could fairly say are in direct competition with each

13 other for an individual citizen's residency.

14 A. Yes.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

15 Q. You remember we talked about that concept earlier on
16 in the deposition?

17 A. Yes.

18 Q. I take it that generally are you referring to the
19 municipalities that ring Detroit in the main there? I
20 know at some level Detroit's in some manner of
21 competition with Muskegon and Grand Rapids and
22 Traverse City, but are the most directly competitive
23 cities the ones that you are looking at, the ones that
24 are proximate to Detroit? And I don't know what you
25 call them, but like the collar municipalities?

116: 1 A. Yes. Essentially we focused on the metro Detroit
2 area, which you could take up to Flint on the north
3 side and out to Ann Arbor on the west side, but that
4 metro Detroit area is what we were referring to.

5 Q. When you looked for what we're calling competitive
6 municipalities.

7 A. Yes.

Pg: 116 Ln: 8 - Pg: 117 Ln: 5

Designation:

116: 8 Q. Now, I want to go to a third concept which we did
9 discuss which was just the notion of a comparable
10 municipality that might be out there in the United
11 States, even if it's geographically remote from
12 Detroit, it's a city that you might look at because

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

13 it's similar to Detroit. Do you remember we talked
14 about that?

15 A. Yes.

16 Q. What would you say are the most comparable
17 municipalities from your standpoint when it comes to
18 this notion of benchmarking?

19 A. There are some of the municipalities that we
20 benchmarked just from a size perspective include, and
21 I'm going off the top of my head, but I believe
22 Cleveland, St. Louis, Memphis, I think we may have
23 done Charlotte, North Carolina. There may have been
24 others as well.

25 Q. That's very helpful. Those are sort of four that
117: 1 definitely come to mind, right?

2 A. Yes.

3 Q. Do you know if there were others that you just can't
4 remember?

5 A. There probably were, maybe one or two others.

Pg: 117 Ln: 19 - 22

Designation:

117:19 Q. We've now marked the proper Exhibit 2, which I hope is
20 your declaration with respect to post petition
21 financing motion.

22 A. Yes, it appears to be.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 118 Ln: 11 - Pg: 119 Ln: 25

Designation:

118:11 What I wanted to ask you about was the last
12 sentence of this paragraph where you said, "Without
13 borrowed funds, there is a material risk that the City
14 would have to substantially cut back or eliminate its
15 reinvestment efforts in the near term, and the City's
16 ability to invest in the future would continue to be
17 hamstrung and imperiled by the City's ongoing
18 financial constraints," do you see that?

19 A. Yes.

20 Q. What are the ongoing financial constraints that you're
21 referring to there?

22 A. The City's existing financial condition that it
23 operates under today.

24 Q. How does borrowing the funds free it from, or allow it
25 to not be hamstrung by the ongoing financial

119: 1 constraints?

2 A. Borrowing these funds allow for the spending on the
3 restructuring and reinvestment initiatives, and we
4 believe that those will not only support the revenue,
5 continued revenue, but also to facilitate the other
6 aspects that we've included in the projections in
7 terms of revenue increases, revenue initiatives.

8 Q. So when you talk about the, and I think you said that
9 the ongoing financial constraints are the current

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

10 operating expenses of the City?

11 A. It's meant more that the current financial condition

12 of the City.

13 Q. Okay. The reason I'm asking of course is, for

14 example, like the City as I understand it is not

15 making payments on its so-called cop debt, are you

16 aware of that fact?

17 A. Yes, I am.

18 Q. Okay. So I take it to mean that that's a financial

19 constraint that is not currently limiting whatever the

20 City wants to do, do you understand what I mean?

21 A. I do understand, yes.

22 Q. Do you agree?

23 A. That is not a constraint, correct. The City has a

24 variety of other constraints though and just in terms

25 of operating on a day-to-day basis.

Pg: 120 Ln: 6 - 10

Designation:

120: 6 Q. I was thinking the City is making certainly OPEB

7 contributions to both employees and retirees, correct?

8 A. The City pays healthcare, and OPEB specifically

9 referring to retirees, as those expenses are incurred,

10 so yes, those continue to be paid.

Pg: 120 Ln: 11 - 18

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Designation:

120:11 Q. It's also making pension contributions, correct?

12 A. That is not correct.

13 Q. That is not correct. Has it deferred the full amount

14 of its pension contribution?

15 A. Yes. There may be some amount of pension

16 contributions coming from the water and sewer

17 departments, but the general fund is not making any

18 contributions to the pension funds.

Pg: 120 Ln: 19 - 23

Designation:

120:19 Q. And with respect to the OPEB, it's my understanding

20 that the OPEB is around \$15 million a month for

21 retirees, is that correct?

22 A. Generally I understand that to be the general amount,

23 yes.

Pg: 120 Ln: 24 - Pg: 122 Ln: 6

Designation:

120:24 Q. Do you understand what I mean when I say that the

25 claim for OPEB is treated in the proposal to creditors

121: 1 as a general unsecured claim?

2 A. I do, yes.

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

3 Q. And that's accurate, right?

4 A. Yes.

5 Q. And in fact the OPEB to retirees, that's been paid
6 since the filing of the bankruptcy, correct?

7 A. Yes.

8 Q. And so let's see, it's, I'll do it like this. So
9 August 17th -- December, mid-December will mark five
10 months of that, correct?

11 A. Yes.

12 Q. And I think there's been a deal struck to extend that
13 two months past the new year, is that correct?

14 A. That's my understanding, yes.

15 Q. So that would be about seven and a half months of
16 retiree OPEB, correct?

17 A. Yes.

18 Q. And at an average of \$15 million, that's slightly more
19 than \$100 million in aggregate, is that correct?

20 A. I don't know what the actual amount is. Again, just
21 to clarify, healthcare expenses for retirees are paid
22 as they are incurred; so there's not a contribution to
23 a fund or payments to retirees being made. This is
24 payment of their health expenses.

25 Q. Sorry, fair qualification. Did I get the approximate
122: 1 amount right?

2 A. Based on my understanding, yes. What the actual
3 amount of healthcare expenses that have been incurred
4 and paid, it could vary from that, but on average the

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

5 numbers that you've cited are my understanding as
6 well.

Pg: 122 Ln: 7 - Pg: 123 Ln: 11

Designation:

122: 7 Q. Now, those are numbers that you are including in the
8 concept of a financial constraint of the City
9 currently, right?

10 A. Yes.

11 Q. Are there any other payments to unsecured creditors
12 that are being made presently, post petition, that are
13 in this concept of ongoing financial constraints?

14 A. There are some prepetition trade vendors that are
15 still being paid, but I do want to clarify that when I
16 said financial constraints, and I clarified here in
17 your questioning, indicating the current financial
18 condition, I was not referring to only payments that
19 have to be made.

20 The inability to, for the City to have the
21 right number of workers as an example, those are
22 constraints that contribute to the current financial
23 condition of the City.

24 Q. That's correct, but this sentence begins "without
25 borrowed funds."

123: 1 A. Yes.

2 Q. So I assume it's saying without borrowed funds, we

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

3 don't have enough money to operate in the current
4 condition as we are operating and do the reinvestment
5 initiatives?
6 A. Yes.
7 Q. So I'm trying to understand what the constraints are
8 financially that require the borrowing.
9 A. Yes.
10 Q. Make sense?
11 A. Yes.

Pg: 124 Ln: 2 - 15

Designation:

124: 2 Q. Do you believe that the City of Detroit is insolvent
3 as we sit here today?
4 A. Yes.
5 Q. Does the Quality of Life note, the borrowings that are
6 associated with the Quality of Life note, does it
7 deepen the City's insolvency in your view?
8 A. No.
9 Q. And why not?
10 A. The borrowings that would be under the Quality of Life
11 note, and let's just continue to use the \$120 million
12 that we referred to, essentially facilitates some of
13 the expenditures that we believe are very important
14 for the City to stabilize and then to improve its
15 finances.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 124 Ln: 21 - Pg: 128 Ln: 10

Designation:

124:21 Q. If the City takes on an additional say 120 million in
22 debt associated with the Quality of Life note and
23 spends that money on services, it may enhance the
24 Quality of Life in the city of Detroit as its name
25 suggests, but at the end of it, the City will have

125: 1 additional debt without a commensurate additional
2 amount of assets.

3 A. Well, we don't know about the, whether there will be
4 commensurate amount of additional assets. Part of
5 this, I think getting to your question, is when that
6 Quality of Life loan would have to be repaid.

7 Q. Why does that matter?

8 A. Well, insolvency as we've just been talking about in
9 the Chapter 9 context is the ability to pay the debts
10 as they become due; so if we were talking about having
11 to repay 120 million immediately, that might be a
12 different answer than if this 120 million had to be
13 repaid over some period of time.

14 Q. Because in the process you would have adjusted the
15 remainder of your debts and rendered yourself now able
16 to service the Quality of Life note?

17 A. That or the City will be operating better. It may
18 have more resources to pay the Quality of Life loan.

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

19 Q. Take a look at paragraph 11 where you say:

20 "The sums borrowed in connection with the
21 Quality of Life financing are designed to be a
22 manageable and responsible amount of debt load that
23 the City can service, while at the same time making a
24 meaningful investment into the City's infrastructure
25 and labor requirements."

126: 1 Do you see that?

2 A. Yes.

3 Q. Are you able to say today that the City's debt load
4 upon exiting bankruptcy will be manageable?

5 A. The way that we have modeled this in the cash forecast
6 is under this scenario that the City does not get exit
7 financing to repay this Quality of Life loan, and it
8 has to be amortized over a four-year period. The
9 amounts that would have to be repaid essentially are
10 within the City's means to repay that, those amounts
11 in that time period.

12 Q. Assuming what other level of debt?

13 A. Assuming the same items that we have included in the
14 creditor proposal for debt across the board for the
15 various items.

16 Q. So if you assume, for example, that the creditors got
17 the \$2 billion pot of bonds, under that assumption
18 this incremental borrowing is manageable. Fair
19 statement?

20 A. Yes.

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

21 Q. Is there an amount, is there a point at which the pot
22 of bonds available to creditors would be so large that
23 it plus the Quality of Life financing would not be
24 manageable for the City?

25 A. It depends on the terms of those bonds.

127: 1 Q. If the terms of the bonds required ongoing debt
2 service like the Quality of Life note required, is it
3 possible that it could become unmanageable?

4 A. It's possible. Again, it depends on what those terms,
5 the amount and what the terms are.

6 Q. I guess I think I asked you earlier in terms of
7 responsibility, so hopefully I'm not reasking this
8 question, but it is fair to say that you have not
9 personally reached a conclusion about whether the
10 proposed recovery that was included in Mr. Orr's
11 June 14th proposal was a fair and equitable one to the
12 City's general unsecured creditors, correct?

13 A. That is correct, I have not made any conclusion along
14 those lines.

15 Q. Do you know whether you expect to consider that
16 subject in the future? Will you be the person that
17 testifies on that subject later on?

18 A. I'm not sure.

19 Q. You don't know. Okay. You haven't been asked to yet.

20 A. Correct.

21 Q. In paragraph 11 you first say, I'm in the second
22 sentence now, Mr. Moore, you say:

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

23 "While the City may ultimately decide to
24 apply the proceeds of the Quality of Life financing to
25 pursue an array of specific projects, at this time the
128: 1 City intends to prioritize and devote the proceeds of
2 the Quality of Life financing to three primary areas:
3 public safety, information technology upgrades and
4 blight removal?"
5 Do you see that?
6 A. Yes.
7 Q. It's fair to say, is it not, that the City is not
8 committing itself in your understanding to spending
9 the money consistent with the primary areas that you
10 laid out in your affidavit, is that correct?

Pg: 128 Ln: 13 - Pg: 131 Ln: 3

Designation:

128:13 A. Could you restate the question, please?
14 BY MR. HACKNEY:
15 Q. I can try. In your understanding, isn't it true that
16 the City is not today committing itself to spend the
17 Quality of Life note proceeds in any particular
18 fashion, correct?
19 A. I think it's fair to say that the City is not
20 committing itself to spending, or obligating itself to
21 spend money on specific projects.
22 Q. Okay. So you have given the City, you have given the

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

23 Court through your declaration an indication of what
24 the City intends to do, right?

25 A. Yes.

129: 1 Q. But the City reserves the right to change its mind.

2 A. Yes.

3 Q. Just so we're on the same page, there are actually
4 like four romanettes, they are public safety, ITS,
5 blight, and finance.

6 A. Yes, sir.

7 Q. Do you consider the finance function changes to be
8 mainly IT related, so do you think of them as being
9 included in the information technology upgrades?

10 A. That is a significant element of the finance side.

11 Q. That's why you said three primary areas?

12 A. Yes.

13 Q. As you sit here today, are you aware of any other
14 projects that are outside the three primary areas
15 where you intended or you expressed an intention of
16 the City to spend?

17 A. Yes.

18 Q. On which the City may spend the money?

19 A. Yes.

20 Q. What are they?

21 A. There are a whole host of projects that are in the
22 forecast for restructuring and reinvestment that don't
23 necessarily fall into one of those categories.

24 As an example, we have hiring needs in the

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

25 General Services Department, and that is included in
130: 1 the restructuring initiatives, but I did not cite that
2 here in this declaration.

3 There are facility improvements for the
4 Department of Transportation that are necessary but I
5 did not include those here. There are a whole host of
6 individual items that are included in the
7 restructuring and reinvestment but I did not focus on
8 here.

9 Q. Make sure I understood. Are you saying there are some
10 other projects out there that are rivals for the 120
11 million approximate Quality of Life note proceeds that
12 may get some of it, or are you saying there are
13 additional areas of spending outside of the three
14 primary areas that will be covered by the
15 approximately 120 million proceeds?

16 A. The latter.

17 Q. Got it. I see. So what you were saying in paragraph
18 11 was, I'm going to describe the three primary areas
19 but you should know that there are other areas that
20 will receive, that we anticipate will receive some of
21 the proceeds.

22 A. Yes.

23 Q. Got it. I wasn't sure if you were saying something
24 else and that clarifies it.

25 Do you understand that there's the
131: 1 possibility that for whatever reason that the swap

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

2 termination may not be exercised by the City?

3 A. I have not spent time on the swap termination.

Pg: 131 Ln: 4 - Pg: 132 Ln: 11

Designation:

131: 4 Q. Okay. You understand that the swap termination is a
5 sizeable component of the \$350 million DIP loan?

6 A. Yes.

7 Q. Do you also understand just as a logical matter that
8 circumstances may intervene where the swap is not
9 terminated?

10 A. As I say, I really have not spent time on the swap
11 termination side.

12 Q. Okay. What I'm trying to ask is, do you know if the
13 swap were not to be terminated for whatever reason
14 whether the City intends to redeploy the approximately
15 \$230 million previously thought of as the swap
16 termination payment for near term Quality of Life
17 initiatives?

18 A. I don't know.

19 Q. You don't know. Is the City in a position where it
20 could deploy \$350 million in the next six months if
21 that were to occur?

22 A. Potentially. We have not looked at that, but it's
23 possible.

24 Q. You haven't been asked to make any assessment of that

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

25 as you sit here today?

132: 1 A. Correct.

2 Q. Because that's not what the City anticipates doing
3 with the money?

4 A. Correct.

5 Q. Is it fair to say that while it is possible, you don't
6 know one way or the other whether the City could
7 deploy that much cash in the next six months?

8 A. Correct. It could be possible, but unless and until
9 we undertake that analysis, I'm not comfortable saying
10 whether or what the likelihood is that the City could
11 do that.

Pg: 132 Ln: 12 - Pg: 134 Ln: 2

Designation:

132:12 Q. With respect to the City's general fund, that's
13 somewhere in the range on an annual basis of a billion
14 one a year, right?

15 A. Yes, in revenue.

16 Q. In revenue. \$350 million in additional financing
17 proceeds would be somewhere in the order of 30 to 33
18 percent of that amount, right?

19 A. Yes.

20 Q. Can you give me a sense of with respect to the three
21 primary areas, public safety, information technology
22 upgrades, and blight removal, how much you anticipate,

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

23 as you sit here today, each will receive from the
24 Quality of Life proceeds?

25 A. We have again been treating, as you stated earlier,
133: 1 money is fungible, so we don't have a direct tie
2 between this dollar of financing and its use. I can
3 tell you, again breaking those two apart, how much we
4 plan to spend on these areas over time, but it's that
5 direct tie that we have not been looking at.

6 Q. I guess it's a little bit of a mismatch, right?
7 Because it's not like the Quality of Life proceeds are
8 the only amounts that you have to spend on
9 reinvestment, correct?

10 A. That's right.

11 Q. And that's in part because the City's cash coffers
12 have risen above that \$50 million threshold that you
13 set as one of your goals for the City, right?

14 A. Well, as we sit here today, that's the natural ebb and
15 flow of cash during the year. The City's high point
16 of its cash balance tends to be in the fall after
17 property tax, property taxes are received.

18 Q. Okay. I guess what I was driving on is there very
19 well may be reinvestment initiative monies that come
20 from sources other than the Quality of Life proceeds.

21 A. That's right.

22 Q. So it's sort of like we can think about two separate
23 concepts, one of them is what are the reinvestment
24 initiatives and then the other is what amount of that

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

25 will come from a Quality of Life note, do you
134: 1 understand?
2 A. I do, yes.

Pg: 134 Ln: 3 - Pg: 135 Ln: 8

Designation:

134: 3 Q. Let me go to the first concept first, which is in the
4 next six months, what does the City intend to spend in
5 the aggregate in the areas of public safety?
6 Reinvestment initiative public safety.
7 A. I don't have the specific numbers off the top of my
8 head. Let me tell you how this has been established.
9 We have a forecast that's on a monthly basis and it is
10 in fairly detailed categories.
11 Within police there are multiple
12 categories; within fire there are multiple categories;
13 and just to give you examples of the categories, we
14 have labor, so hiring additional people, we have fleet
15 requirements, fleet refers to vehicles, we have
16 facility requirements, and we have information
17 technology-related items.
18 So it's very difficult without having the
19 forecast in front of me, which has a lot of detailed
20 information on it, to give you one precise number for
21 all of public safety.
22 Q. Certainly I think it would be tough to ask someone for

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

23 a precise number, but can you give me a range, like
24 are you able to say public safety's about 40, IT is
25 about 50, blight is about 60? And I'm talking over
135: 1 the next six months.
2 A. Yes. I would hesitate to point out specific numbers
3 without that forecast in front of me.
4 Q. Okay. These forecasts, are these ones that you are
5 delivering to the FA's on a semi-regular basis, making
6 presentations to them to show them what your work
7 shows about the anticipated reinvestments?
8 A. Yes.

Pg: 136 Ln: 10 - Pg: 137 Ln: 1

Designation:

136:10 Do you know approximately how much Detroit
11 spent on its Police Department in fiscal year 2013?
12 A. Fiscal year 2013, I would have to give you a rough
13 estimate, but I believe it would be somewhere in the
14 neighborhood of perhaps 300 to \$350 million.
15 Q. That was on the Police Department?
16 A. Yes.
17 Q. And do you know how that approximate amount of
18 spending compares to the comparable municipalities,
19 not the competitive municipalities, but the comparable
20 municipalities you described to me earlier?
21 A. There are a variety of comparables that we've looked

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

22 at in terms of the number of officers per square mile,
23 the number of officers per resident, those types of
24 items, so we compare it more along those lines. Off
25 the top of my head, I don't know if we have compared
137: 1 total budgets between these other municipalities.

Pg: 137 Ln: 2 - 8

Designation:

137: 2 Q. So do you have work product at Conway MacKenzie that
3 does comparable analysis to the comparable cities we
4 were talking about on the specific subject of
5 policing?
6 A. There are a number of items that we have and certainly
7 that other parties have put together as part of this
8 case as well.

Pg: 138 Ln: 13 - Pg: 139 Ln: 5

Designation:

138:13 We've discussed earlier the idea that this
14 proposal for creditors included a billion 250 of
15 restructuring and reinvestment initiatives, is that
16 correct?
17 A. Yes.
18 Q. And it in fact does, right?
19 A. Yes.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

20 Q. This plan though we've also discussed did not
21 contemplate that there would be a bankruptcy filing,
22 correct?

23 A. Correct.

24 Q. It's my understanding that you have reevaluated the
25 timing of the restructuring and reinvestment
139: 1 initiatives in light of the bankruptcy filing, is that
2 correct?

3 A. Not necessarily in light of the bankruptcy filing,
4 just given where we are today and the timing of cash
5 becoming available for the initiatives.

Pg: 139 Ln: 6 - 17

Designation:

139: 6 Q. I have another document that we'll get to in a bit
7 that's a presentation that you made to the FA's in
8 November.

9 A. Yes.

10 Q. And what it shows to me is the same amount of
11 restructuring and reinvestment initiatives but just
12 that they have been deferred from July of 2013,
13 thereabouts, to January of 2014.

14 A. That's generally correct. Essentially the -- your
15 statement, which is it's still a billion 250, is
16 correct, my only point was the timing did not change
17 just because of the bankruptcy filing.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 139 Ln: 24 - Pg: 140 Ln: 13

Designation:

139:24 Q. What I want to confirm is, while the current plan is
25 to begin the restructuring and reinvestment
140: 1 initiatives, capital R & R, in January of 2014, the
2 plan with respect to how much to spend and what it
3 would be spent on remains consistent with what you
4 thought back in June of 2013.
5 A. Yes.
6 Q. So for better or for worse I was working off this
7 document when I was trying to understand the amounts
8 that would be spent on some of these subcategories,
9 and you can let me know if this ends up not being
10 indicative of the current plan. My expectation is
11 that it will be relatively consistent given your prior
12 answer.
13 A. Yes.

Pg: 140 Ln: 14

Designation:

140:14 Q. So take a look at page 62 of the June 2014 proposal.

Pg: 141 Ln: 14 - Pg: 142 Ln: 8

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Designation:

141:14 Q. So subject to remembering that there may be some
15 variances, your counsel's pointed out there, take a
16 look at page 62. Okay? If I understand what this is,
17 this represents the amount of reinvestment initiatives
18 and restructuring expenses, both of them, over the
19 five years beginning with fiscal year 2014. Do you
20 see that?

21 A. Yes.

22 Q. And by the way, the years in Detroit end in June --
23 right? -- the fiscal years?

24 A. Correct. June 30th is the fiscal yearend date.
25 Fiscal year '14 refers to the fiscal year ending

142: 1 June 30th, 2014.

2 Q. Okay. So this was made, this proposal was made two
3 weeks before the end of the 2013 fiscal year.

4 A. Yes.

5 Q. And it was showing people here's the next five years
6 almost from today in terms of how we're going to spend
7 money.

8 A. Yes.

Pg: 142 Ln: 9 - 15

Designation:

142: 9 Q. Now, if you take a look at this, by my calculation
10 this anticipates approximately 85 million of public

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

11 safety spending over the ensuing five years.
12 A. Okay.
13 Q. Does that seem about right?
14 A. Looks to me like about \$95 million.
15 Q. It would be perfect for me to be off. You're right.

Pg: 142 Ln: 16 - Pg: 143 Ln: 12

Designation:

142:16 So \$95 million. I stand corrected. \$95 million over
17 the ensuing five years.
18 A. Yes.
19 Q. And this is across police, fire, and EMS, is that
20 correct?
21 A. No, that is police.
22 Q. And fire and EMS are separate.
23 A. Correct.
24 Q. And then it has the relative breakdown of the
25 anticipated spend via the facility cost, fleet update,
143: 1 and technology, do you see that?
2 A. Yes.
3 Q. Are personnel additions included in any of these
4 numbers or are they incremental to the 95 million?
5 A. If I recall correctly, the personnel are incremental
6 to these items.
7 Q. And do you have, do you know how much is anticipated
8 to be spent on increasing the personnel at the Police

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

9 Department?

10 A. I don't have the number off the top of my head, but

11 generally speaking it's an incremental increase of

12 around 275 heads.

Pg: 143 Ln: 13 - 22

Designation:

143:13 Q. Okay. And maybe the way I can use Mr. Hamilton's

14 document best is to say to the extent these numbers

15 changed in the process of what we've previously talked

16 about as a deferral in time, if the numbers themselves

17 also change, you expect it would be contained in that

18 variance sheet?

19 A. The total numbers across the 10-year period have not

20 changed, so as I confirmed before, the billion 250 is

21 still a billion 250. The timing would be reflective

22 of that schedule, in that schedule.

Pg: 143 Ln: 23 - Pg: 145 Ln: 1

Designation:

143:23 Q. And the specifics, right? I mean, because what I'm

24 asking is, do you know if you reallocated amounts from

25 facilities to fleet, for example?

144: 1 A. We did not.

2 Q. You did not. Do you know if you reallocated amounts

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

3 from police to fire?

4 A. Did not.

5 Q. So is it fair to say that all of the numbers shifted
6 back in time to January 2014?

7 A. Yes. There may be, and I'm just saying this, I don't
8 know for sure, there might be some very minor changes,
9 but I think everything in terms of total amounts is
10 still the same over the 10-year period and it has only
11 been timing changes.

12 Q. So just so I understand that document, do you know
13 what we're talking about here?

14 A. I do.

15 Q. Were you able to see this?

16 A. Yeah.

17 Q. Is the variance that would exist between January '14
18 under the creditor proposal and January '14 under the
19 current plan, that variance would likely be because
20 monies from the last six months of 2013 are now kind
21 of getting layered on top of the previously
22 anticipated spending for the first six months of 2014?

23 A. That's right.

24 Q. Okay. I see. So the variance really helps you just
25 track the deferral.

145: 1 A. That's correct.

Pg: 145 Ln: 13 - Pg: 146 Ln: 3

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Designation:

145:13 Q. Now, it's been widely reported in the press that the
14 average response times in the city of Detroit were 58
15 minutes, have you heard that number?
16 A. I have, yes.
17 Q. Do you know where that number comes from?
18 A. I believe that came from the FBI crime statistics.
19 Q. Which -- which is data that the FBI collects from the
20 City of Detroit?
21 A. That's correct. And we would have actually received
22 it from the department rather than the FBI directly.
23 Q. Is it your recollection that you were given that
24 number by the Police Department?
25 A. Yes.
146: 1 Q. What is the national average response time?
2 A. I don't recall off hand. I would have to go back and
3 look at my notes.

Pg: 146 Ln: 4 - 14

Designation:

146: 4 Q. Have you read in the last six months, there was a Wall
5 Street Journal article on this very subject,
6 specifically relating to Detroit's emergency response
7 times and how they compared?
8 A. Over the last six months there have been so many
9 articles, I'm not sure which one specifically you're

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

10 referring to.

11 Q. There have been a lot, especially about this case, but

12 I thought this one is one you might remember. I have

13 it if you would like to take a look at it.

14 A. Sure.

Pg: 146 Ln: 24 - Pg: 147 Ln: 8

Designation:

146:24 Q. Okay. For example, let me ask you some specific

25 questions. We won't spend too much time on this but I

147: 1 want to use it as a jumping off point to ask you some

2 questions about the concept of response times.

3 For example, if you look in the third

4 paragraph, this Wall Street Journal article is saying,

5 there's no standard way they say, he's referring to

6 law enforcement experts and former and current police

7 chiefs, for cities to measure response times which can

8 vary according to many factors.

Pg: 147 Ln: 15 - 18

Designation:

147:15 Q. Do you know whether that's true?

16 A. I do understand that there are nuances in terms of how

17 departments may track numbers that may vary from

18 department to department.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 147 Ln: 19 - Pg: 150 Ln: 5

Designation:

147:19 Q. For example, do you know that some other police
20 departments don't track time by reference to when the
21 911 call comes in, they track it by reference to when
22 the police officer is made aware of the 911 call?

23 A. I have been told that.

24 Q. And do you know that isn't it true that Detroit has
25 decided to shift to that metric?

148: 1 A. That is my understanding.

2 Q. Do you understand that if you measure it from the time
3 that the call comes in, it will be a longer period of
4 time that will be your response time if you compare it
5 to the clock starting when the officer learns of the
6 need for the call?

7 A. Naturally if you add an activity it's going to be
8 longer, yes.

9 Q. At the bottom of this page there's a reference to
10 something that you I think maybe had heard before, but
11 tell me if you haven't. Detroit's police chief
12 himself, the new police chief was quoted in this
13 article talking about how the Detroit police were
14 really doing with respect to true emergencies. Do you
15 see that?

16 A. Yes.

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

17 Q. Do you remember his comments on this subject at that
18 time?

19 A. I do generally remember he had some comments along
20 these lines, yes.

21 Q. He said here that he conducted a study that response
22 times last year to true emergencies averaged
23 approximately 15 minutes, do you see that?

24 A. Yes.

25 Q. Do you have a basis to disagree with him on that?

149: 1 A. I do not have a basis.

2 Q. And do you know how -- do you know how 15 minutes
3 compares to the national average for true emergencies?

4 A. As you just pointed out, I don't know what the
5 national average would be on an apples to apples
6 basis, specifically how Chief Craig looked at this.

7 Q. Okay. So you don't know it because you don't have it
8 in front of you today or is that not something you've
9 looked at before?

10 A. I don't know exactly what he did to calculate the
11 15-minute response time, and because of that, I'm not
12 aware of us having anything that would have that same
13 analysis for other cities.

14 Q. Okay. So when you talked about the 58-minute response
15 time.

16 A. Yes.

17 Q. What is your understanding of what that measured?

18 A. That is how the department measures what they refer to

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

19 as police response time. From the time that a call
20 comes in until someone responds to the incident, that
21 would be 58 total minutes.

22 Q. Across all 911 calls.

23 A. I believe that's the case.

24 Q. And do you know what the national average is for
25 police response times across all 911 calls received by

150: 1 that police department?

2 A. Well, the 11 minutes that is cited in here is, that
3 refreshed my memory in terms of the national average,
4 and that's the number that we have from a national
5 basis.

Pg: 150 Ln: 6 - Pg: 151 Ln: 11

Designation:

150: 6 Q. So just when I'm reading this, it says police are
7 arriving at urgent calls much sooner than 11 minutes,
8 I didn't see elsewhere, I saw previously:

9 "Detroit's emergency manager, Kevyn Orr,
10 and Michigan Governor Rick Snyder have compared the
11 city's response time with a nationwide average of 11
12 minutes but it's not clear where that figure comes
13 from."

14 Do you see that?

15 A. Yes.

16 Q. Do you know where the 11-minute figure comes from?

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

17 A. We would have received the information from the
18 department itself; where the department I believe gets
19 its information is from the FBI crime statistics.

20 Q. Okay. So to the best of your knowledge I should be
21 able to -- do you know if these are publicly
22 available?

23 A. Given that we received this information, and that the
24 department had it, I would guess that it's publicly
25 available.

151: 1 Q. I think it is as well, but I just want to clarify your
2 testimony, which is you think that I should in theory
3 be able to go to the NCIS website or whatever it is
4 for the FBI and get data reflecting the national
5 average for 911 response times and compare, be able to
6 compare that to Detroit's, is that correct?

7 A. I'm not sure if you can get it there or not but it
8 seems like because the department has this information
9 that it is publicly available. I don't know if it's
10 just given to law enforcement officials or if it's
11 given to anyone.

Pg: 151 Ln: 12 - 19

Designation:

151:12 Q. Now, has anyone at Conway MacKenzie undertaken an
13 effort to study whether 911 response times across all
14 911 calls is the best way to measure police

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

15 performance?
16 A. In working with Chief Craig right now, we are in the
17 process of establishing what the performance metrics
18 are going to be that the department will use to track
19 and monitor its progress.

Pg: 151 Ln: 20 - Pg: 152 Ln: 5

Designation:

151:20 Q. Okay. I take it if they use different performance
21 metrics from the average response time across all
22 calls, that may change the starting point as well.
23 A. Yeah. What's important here is that coming up with a
24 defined measurement is very important, and then using
25 that same measurement to track progress is the key.
152: 1 Whether you start at one point, which is lower, or
2 higher, you want to measure your progress.
3 Q. And as we sit here today, Chief Craig is in process at
4 setting that bogie, correct?
5 A. Yes.

Pg: 152 Ln: 6 - 10

Designation:

152: 6 Q. Have you been able to size the expense of improving
7 response times to the national average?
8 A. There is not a direct relationship where you can say

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

9 if we spend exactly this amount of money, then we will
10 be able to get this specific improvement.

Pg: 152 Ln: 11 - 25

Designation:

152:11 Q. That's fair. I do think though at some level there's
12 an is this possible with any amount of money question
13 that you have to ask before you set the benchmark, is
14 that fair?

15 A. Certainly Chief Craig with his experience, as well as
16 we've worked with the Bratton Group and Manhattan
17 Institute, we focus in on what are the key items that
18 will help improve response rate.

19 Now, can we, do we know specifically what
20 is necessary to get to a particular response rate?
21 No, it's just not a linear relationship like that.

22 But these items, that certainly these well
23 respected and very well versed veterans in the law
24 enforcement industry know what the factors are that
25 will help improve response time.

Pg: 153 Ln: 1 - 10

Designation:

153: 1 Q. Is Chief Craig one of the most important components in
2 this analysis?

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

3 A. Yes, Chief Craig sets the direction for the
4 department.
5 Q. And in fact, so he's the person that you're
6 principally liaising with in terms of determining
7 what's a reasonable goal for something like reduction
8 of response times as well as how to effectuate it and
9 what it might cost?
10 A. Yes.

Pg: 153 Ln: 13 - Pg: 154 Ln: 1

Designation:

153:13 BY MR. HACKNEY:

14 Q. My understanding is that Chief Craig began work late
15 in June of 2013, is that correct?

16 A. That's the approximate time frame, yes.

17 Q. He came after the proposal to creditors was done,
18 correct?

19 A. He started to do some work during the month of June
20 but I believe that it was after that, the publication
21 of that plan.

22 Q. So your work in terms of your recommendations to
23 Mr. Orr was already sufficiently refined to be
24 included in the proposal to creditors before the new
25 police chief started, correct?

154: 1 A. Yes.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 155 Ln: 6 - 19

Designation:

155: 6 Q. Okay. Maybe I'll just bracket it until we get to that
7 later document and maybe I just misunderstood it. I
8 thought I saw a line entry on one of the presentations
9 you'd made that said Chief Craig finishes his
10 restructuring plan in October of 2013. Does that ring
11 a bell?

12 A. Yes. So to clarify that, the chief is going to be the
13 individual that has ownership for this plan. The plan
14 of action as it's called is something that we are
15 working with the chief on.

16 So there is not, there are -- there are not
17 two different plans. The plan of action incorporates
18 this as well as policing strategies for the
19 comprehensive plan of action for the department.

Pg: 155 Ln: 20 - Pg: 156 Ln: 15

Designation:

155:20 Q. I see. So the ideas that you had for ways to improve
21 the department are what we'll call the Conway
22 MacKenzie police restructuring initiatives, and you're
23 saying he's working with you now to take those and
24 build them into a larger police restructuring plan
25 that he hoped to complete in October of 2013 that

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

156: 1 included things like a vision for policing and so on
2 and so forth.
3 A. Yes. The work product of the Bratton Group and
4 Manhattan Institute on policing strategy, which was
5 delivered I think around the end of September or so,
6 was a key input.
7 All of these restructuring and reinvestment
8 initiatives were key inputs. Chief Craig also brought
9 to bear what his view on policing and the vision of
10 the department should be. All of that is coming
11 together into the comprehensive plan of action.
12 Chief Craig is the owner of that. So when
13 we say he is publishing his plan, that's what we're
14 referring to. We are integral to the development of
15 that plan of action with him.

Pg: 156 Ln: 16 - Pg: 157 Ln: 6

Designation:

156:16 Q. Both the Bratton work product and the chief's work
17 product, whether it's incremental or new or however
18 you describe it, are things that were not finalized
19 until after the City had gone to market to borrow the
20 DIP funds, is that correct?
21 A. Well, from the standpoint of there are elements in
22 that that are still getting tweaked right now;
23 however, the spending, especially as it relates to

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

24 labor, information technology, facilities and fleet,
25 that was decided long ago.

157: 1 When Chief Craig came in, one of the first
2 things that was reviewed with him were these items,
3 and Chief Craig got comfortable with those. What
4 we're really talking about in terms of additional
5 items that have occurred since then has to do a lot
6 with policing strategy.

Pg: 157 Ln: 7 - 19

Designation:

157: 7 Q. Okay. So the things that you spend money on he signed
8 up to prior to the time the DIP was sourced, but he's
9 continuing to work on how police officers do policing.

10 A. Correct.

11 Q. Now, it's my understanding that the chief, is it
12 correct that he got done with his what we're calling
13 his work restructuring plan, which I know incorporates
14 prior and other people's work, he got done with that
15 in October of 2013, is that true?

16 A. No. He actually has still not published it
17 officially.

18 Q. Is he still working on it to your knowledge?

19 A. When I say "he," we are working on it with him.

Pg: 157 Ln: 25 - Pg: 159 Ln: 13

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Designation:

157:25 Q. Whoever's working on the police restructuring plan,

158: 1 they're still working on it as we speak.

2 A. Yes.

3 Q. So do you know when he's going to get done with, when

4 you all are going to get done with that?

5 A. I anticipate, well, it can always change, but it is

6 substantially complete and I would guess perhaps in

7 the next two weeks that that should be getting

8 published.

9 Q. So before the end of the year.

10 A. Yes.

11 Q. All told, fair to say that it took Chief Craig working

12 in conjunction with you and others approximately six

13 months to come up with a comprehensive restructuring

14 plan for the Police Department?

15 A. No, I don't think so. The fact that it hasn't been

16 published yet doesn't mean that the majority of the

17 work took six months to complete.

18 Q. Five months?

19 A. No, I would say once the Bratton Group work was done,

20 we're talking about a couple-month process to pull

21 together the plan of action.

22 Q. Two months or --

23 A. Yeah, I would say so.

24 Q. So he -- he's been ready with his restructuring plan

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

25 in conjunction with you all since late August 2013?

159: 1 A. No. The comprehensive plan of action, pulling it all
2 together didn't begin until, in terms of the document
3 that I'm referring to, didn't begin until end of
4 September when Bratton Group published its findings.

5 Q. Oh, I see.

6 A. And recommendations.

7 Q. So it's been since that time?

8 A. Yes.

9 Q. Since you've been knitting it all together.

10 A. Yes.

11 Q. And obviously we're just talking about one department
12 now -- right? -- that's the Police Department.

13 A. Right.

Pg: 159 Ln: 14 - Pg: 160 Ln: 9

Designation:

159:14 Q. Isn't it fair to say that Chief Craig has been able to
15 bring about improvements to the Detroit Police
16 Department as we sit here today?

17 A. Which improvements are you referring to?

18 Q. Any of which you are aware.

19 A. Well, I know that the City advertised last week that
20 it had 36 hours without a violent crime, actually to
21 clarify, it was without a shooting, so if we call that
22 progress, then yes.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

23 Q. I guess what I mean is he's out there working to
24 improve the department today, right?

25 A. Yes.

160: 1 Q. And he's able to do that today, right?

2 A. Chief Craig certainly is trying to do everything that
3 he can to improve, yes.

4 Q. And have you undertaken a study to see where the
5 department is currently compared to where it was back
6 when you were assessing it in the January to June time
7 frame?

8 A. The department itself tracks information and certainly
9 they report on some of that. Shootings are down.

Pg: 160 Ln: 10 - Pg: 164 Ln: 10

Designation:

160:10 Q. Are you aware of something called the Detroit
11 Performance Dashboard?

12 A. In what regard?

13 Q. Let me show it to you. It's easier.

14 MARKED FOR IDENTIFICATION

15 EXHIBIT 5

16 2:22 p.m.

17 BY MR. HACKNEY:

18 Q. I'll represent to you that I've printed this as a
19 screen shot off the Internet, and you can see the http
20 down there at the bottom. I'm going to ask you some

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

21 questions about this, Mr. Moore, but let me just first
22 tell you what it looked like to me when I was looking
23 at it on the Internet.

24 It looked like it was something that the
25 City of Detroit, like the real City of Detroit,
161: 1 maintains about itself. So it wasn't some blog or
2 something who just threw up their own idea.

3 A. Yes.

4 Q. That being said, whether it's accurate or not is a
5 different question, but I first want to ask you, do
6 you know what this thing is?

7 A. I think I have seen this before but I have not spent
8 time with it.

9 Q. Do you know who maintains this?

10 A. I do not.

11 Q. So don't take this the wrong way, but I guess I'm a
12 little flummoxed that you haven't seen the Detroit
13 Performance Dashboard.

14 A. Well, we work directly with the departments on
15 specific items. What gets published here in this type
16 of item, that certainly can be out there, and it might
17 be helpful, but the types of items that we work
18 directly with the departments on are at a much more
19 detailed level than this.

20 Q. Okay.

21 A. And I, quite frankly, would need to spend time
22 validating all of the sources of information going

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

23 into this and that to me would not be a good use of
24 time.

25 Q. Fair enough. Have you ever seen it before though?

162: 1 A. It generally looks familiar to me, yes.

2 Q. So let me just say, you know, in your affidavit, your
3 declaration, police response time was one of the first
4 examples you gave of something that you hope to
5 improve, do you recall that?

6 A. Yes.

7 Q. And it's also something that's received a fair amount
8 of press here in Detroit?

9 A. Yes.

10 Q. You're aware of that?

11 A. Yes.

12 Q. Isn't it fair to say that the police response time to
13 a call is one of the most important aspects of
14 policing?

15 A. Yes.

16 Q. Now, if you look at this document, this is what, as I
17 understand it, Detroit is saying to people about what
18 it is currently doing, bracketing whether it's
19 accurate or not, and you look down under public safety
20 where you see police response time.

21 A. Yes.

22 Q. I'll tell you that prior means third quarter 2013,
23 there's a little legend up there on the left.

24 A. I see that.

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

25 Q. And current means fourth quarter 2013, that's the one
163: 1 we're in currently.

2 A. I don't believe that's the case. I think the City
3 always refers to fiscal years, so I don't know this
4 for sure, but I think this may be referring to third
5 quarter of the fiscal year and fourth quarter of the
6 fiscal year.

7 Q. Well, that's helpful, because it would make sense
8 because it would explain how they have data on it
9 given how we haven't completed the fourth quarter of
10 2013.

11 A. Correct.

12 Q. Let's work under that understanding, whatever it is,
13 it shows that police response times in the third
14 quarter dropped from 42 minutes to 11.67 minutes in
15 the fourth quarter, do you see that?

16 A. I do.

17 Q. And that was well below the target that they were
18 trying to get it to, do you see that?

19 A. I do.

20 Q. Do you have reason to believe that this is inaccurate?

21 A. I can't have an opinion on that because I don't know
22 the sources of data that go into this.

23 Q. Okay. So fair to say that you don't know whether
24 police response times in the April/May and June time
25 period of 2013 were 11.67 minutes or not?

164: 1 A. I have no idea what would have been considered in that

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

2 calculation.

3 Q. And I'm not asking about this calculation. I'm saying
4 do you know whether or not they were that timing?

5 A. I do not believe that the police response time as we
6 have been looking at it was 11 minutes in the fourth
7 quarter of fiscal year 2013.

8 Q. Obvious point, to the extent this data, whatever it
9 represents, is accurate, it shows a material
10 improvement in the response times, correct?

Pg: 164 Ln: 13 - Pg: 165 Ln: 21

Designation:

164:13 A. There are two important items to understand as it
14 relates to response time, and one of these you get
15 anecdotally through a lot of conversations. If people
16 don't call the police, that will never show up in a
17 police response time statistic, and certainly, based
18 on a lot of discussions that I've personally been
19 involved in, the situation in the city is such that
20 because response times are so poor, in many cases
21 where the police don't show up, and by the way, this
22 is something that the Police Department specifically
23 has to do because of the resources that it has, it has
24 to prioritize responses.

25 So for a break-in as an example, it may be
165: 1 a day or two before someone shows up, so this only

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

2 tracks when someone actually calls the police. You
3 could actually see a reduction, depending on how you
4 measure this, you could see a reduction in response
5 time, yet it's actually worse because people are just
6 not even calling the police anymore.

7 It's similar to unemployment statistics.

8 It -- unemployment can improve but you may have had a
9 bunch of people drop out of the labor market.

10 BY MR. HACKNEY:

11 Q. That's a fair point. I understand there's a lot that
12 goes into this, so for example if you make a big
13 improvement and then maybe people feel that they can
14 call 911 again and volume goes up, maybe then you see
15 some slipping backwards so that the improvement was
16 illusory, I understand that it's complicated.

17 So I appreciate your qualification, but I
18 was just asking that, viewed in isolation, improving
19 response times from 42 minutes to 11 minutes would be
20 a material improvement, correct?

21 A. It certainly would.

Pg: 165 Ln: 22 - Pg: 168 Ln: 13

Designation:

165:22 Q. Okay. Now, isn't it also true that Detroit's homicide
23 rate is down 13 percent from last year?

24 A. That's what I understand, yes.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

25 Q. And while Detroit's homicide rate is surely still too
166: 1 high, and maybe you can say any homicide rate is too
2 high, but Detroit certainly is, 13 percent is also a
3 material improvement, wouldn't you agree?
4 A. I agree.
5 Q. And that was in advance of getting any of the Quality
6 of Life note proceeds by definition since you haven't
7 gotten them yet, right?
8 A. Correct.
9 Q. Isn't it true that violent crime is also down 6
10 percent from last year?
11 A. I'm not aware on that statistic.
12 Q. That may be correct, it may not be correct, you just
13 don't know?
14 A. Correct.
15 Q. By the way, that Wall Street Journal article that we
16 were looking at, we can get it out again if you want,
17 Chief Craig said he and his office conducted a study
18 of how calls were categorized to get a sense of how
19 they were doing with the true emergencies. Have you
20 reviewed such a study from Chief Craig, have you seen
21 such a study?
22 A. I have not seen such a study. My guess is that my
23 colleague that is heading up our efforts on the Police
24 Department certainly would have.
25 Q. I take it that the individuals that were level two
167: 1 individuals that we talked about earlier, some of whom

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

2 are managing directors, do you remember that?

3 A. Yes.

4 Q. Do they have different areas of principal
5 responsibility where they will focus, they may have
6 multiple such areas but they do have silos that are
7 their principal responsibility as they report up to
8 you?

9 A. Yes.

10 Q. And you're saying now, hey look, I may not have seen
11 this study, but I suspect that the man or woman who
12 reports to me, who is responsible for police
13 restructuring, they very well may have.

14 A. Yes.

15 Q. You don't know whether they have or have not though I
16 take it.

17 A. Correct.

18 Q. And Conway MacKenzie itself has not conducted such a
19 study, isn't that correct?

20 A. Not that I'm aware of.

21 Q. Do you agree that what's most -- do you agree that
22 what's most important with respect to 911 calls is
23 responding as quickly as possible to the most urgent
24 calls?

25 A. I don't know if I would make that statement or not.

168: 1 Q. That's not something that you can necessarily agree
2 with?

3 A. Correct.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 4 Q. Why not? Why can't you agree?
- 5 A. You had a couple of qualifiers there. If we're just
- 6 talking about do I agree that responding to, the most
- 7 important part of responding to 911 calls is to
- 8 respond to the highest priority in the quickest
- 9 manner, if that's the way you're asking it, then I
- 10 think the answer is yes. I don't know if that's
- 11 necessarily what I heard in your question.
- 12 Q. That was what I meant to ask.
- 13 A. Okay. Then the answer to that would be yes.

Pg: 168 Ln: 14 - Pg: 169 Ln: 8

Designation:

- 168:14 Q. Are you aware of written reports by your firm or
- 15 others that analyzed the problems with the City of
- 16 Detroit response times, what I mean is a report that
- 17 would say our response times are too slow and here's
- 18 why, A, B, C, you know, an analytical report?
- 19 A. There are definitely reports out there that talk about
- 20 those items.
- 21 Q. And are examples of those the Bratton report?
- 22 A. Yes.
- 23 Q. Are there others?
- 24 A. I think McKinsey, if I recall correctly, that
- 25 information is in McKinsey reports.
- 169: 1 Q. And I apologize if I asked you this earlier, do you

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

2 know whether this stuff is in the data room or not?

3 A. I don't know.

4 Q. Like for example the Bratton report, do you know if

5 it's being treated as work product that the City's

6 holding close or is it being treated as here you go,

7 public, look at it for what it's worth?

8 A. I don't know.

Pg: 169 Ln: 9 - Pg: 170 Ln: 20

Designation:

169: 9 Q. Fair enough. Case closure rate is something that you

10 took a look, that you mentioned in your declaration.

11 A. Yes.

12 Q. What is Detroit's case closure rate?

13 A. Off the top of my head I think it was down to the

14 single digit range, maybe 8 to 10 percent.

15 Q. And how does that compare to the national average?

16 A. Substantially worse.

17 Q. What is the national average?

18 A. Off the top of my head I think perhaps it's 60 percent

19 or north of that.

20 Q. Where are you getting these numbers that you're

21 telling me?

22 A. Again, from the department, but tying into the FBI

23 crime statistics.

24 Q. And the quantifiable objective for the Detroit Police

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

25 Department is to elevate its case closure rates to the
170: 1 national average, is that correct?

2 A. Yes.

3 Q. Have you attempted to size the cost of achieving this
4 objective?

5 A. Again, there's not a linear relationship between if we
6 do this we know this will be the precise result, but
7 we do look at what the items that impact case closure
8 are and address those.

9 Q. Fair enough. Is it fair to say that you don't know
10 whether the reinvestment initiatives with respect to
11 policing will be sufficient to bring about the
12 national averages?

13 A. Correct, the reinvestment could actually exceed the
14 national averages.

15 Q. Oh, so you think it will definitely achieve the
16 national average and it might even become better than?

17 A. I didn't say definitely. There's no guarantees at
18 all. We certainly are planning on the results being
19 very favorable. They could be more or less favorable
20 than expected.

Pg: 170 Ln: 21 - Pg: 172 Ln: 18

Designation:

170:21 Q. Can you give me an example of a municipality that has
22 made as dramatic an improvement in its 911 response

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

23 times as the one that you're trying to help Detroit
24 achieve?

25 A. Well, one that is cited all the time, and certainly is
171: 1 involved with through the Bratton Group is New York
2 City, in the '90s specifically, and Bill Bratton was
3 the police chief there and he is the "Bratton" in the
4 Bratton Group.

5 And so certainly New York, the City of New
6 York, had a substantial improvement in its police
7 operations.

8 Q. Do you know what the level of improvement was?

9 A. Not off hand.

10 Q. And do you know how much they had to spend to achieve
11 it?

12 A. I don't know off hand.

13 Q. Do you know if you did know those numbers at some
14 point prior to today and just can't recall them or
15 have you not looked at this specifically?

16 A. I specifically have not looked at that.

17 Q. Is it your expectation that someone at Conway
18 MacKenzie has?

19 A. It's possible.

20 Q. It's possible. You don't recall whichever lieutenant
21 heads up police telling you that they had looked at
22 it, is that fair to say?

23 A. That's correct.

24 Q. And are you aware of a municipality achieving the

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

25 level of case closure rate improvement that's on the
172: 1 order of magnitude as what you hope to achieve in the
2 city of Detroit?

3 A. I don't know if we have looked at that in terms of
4 understanding, number one, we certainly have not done
5 a comprehensive view on every municipality in the
6 country, so I can't say one way or the other whether
7 there is another municipality that has had such poor
8 case closure levels and then got to a national average
9 level.

10 Q. And I didn't want you to canvas them all. I just want
11 to know if there was even one that had gone from the
12 single digits up into the 60th percentile.

13 A. Not that I can think of off hand.

14 Q. And I have this broken down by subset, but does the
15 Bratton Group report and the McKinsey group report
16 also address what may be necessary in order to improve
17 case closure rates?

18 A. I think so. I mean, they focus on the issues.

Pg: 172 Ln: 24 - Pg: 174 Ln: 4

Designation:

172:24 Q. With respect to the Police Department's fleet, what is
25 the average age of the fleet, do you know?

173: 1 A. It varies. You have to look at it by vehicle type. I
2 don't recall off hand what the average age is right

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

3 now, but generally speaking three years is a good
4 target for fleet age.

5 Our reinvestment plan gets us to a
6 four-year replacement. We have vehicles out there
7 right now that are nine, ten years old that have
8 hundreds of thousands of miles on them.

9 Q. Where did you get that three-year figure?

10 A. That would have been something that would have been
11 provided by the department, or perhaps some other
12 information that we used via benchmarking.

13 Q. Do you know what similarly-sized municipalities' fleet
14 ages are?

15 A. Well, there are I'm sure many, many municipalities
16 around the country that are similar sized, and I don't
17 know what their fleet size or age is. Because if you
18 think about when you say a similar-sized municipality,
19 you can look at it based on residential population,
20 you can look at it based on square miles.

21 Certainly we're not aware of very many
22 cities that have the number of residents that the city
23 of Detroit has as well as the square miles. Square
24 miles tends to translate to miles driven.

25 Q. Fair enough. They're very dispersed over a larger
174: 1 area than the typical city is what you're saying.

2 A. Yes. And there are fewer police officers now,
3 substantially fewer police officers now, which means
4 that people tend to have to cover a bigger area.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 174 Ln: 13 - Pg: 176 Ln: 16

Designation:

174:13 Q. Prior to June 14th, which is the date of the creditor
14 proposal, what determination had Conway MacKenzie made
15 about how many new police cars Detroit needed?

16 A. A plan was developed along with the General Services
17 Department which helps manage the fleet for the number
18 of vehicles that would be replaced by year.

19 Q. So a rolling --

20 A. Yes.

21 Q. -- improvement of the average age of the fleet.

22 A. Yes.

23 Q. Do you know how many new police cars Conway MacKenzie
24 recommended that the City buy in fiscal year 2014 to
25 replace the oldest year?

175: 1 A. I can't recall the number off hand, but we have that
2 number, yes.

3 Q. Fleet expenditures are part of the anticipated uses of
4 the Quality of Life note?

5 A. Yes.

6 Q. And that means buying new police cars, correct?

7 A. Buying or leasing.

8 Q. And whatever was anticipated to be done back in June
9 is still what is anticipated to be done today?

10 A. Yes.

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

11 Q. Isn't it true that in August that a hundred new police
12 cars were donated to the City of Detroit by private
13 donors?

14 A. Yes.

15 Q. And I know that some of those cars have had to be
16 outfitted with video cameras and so forth?

17 A. Yes.

18 Q. But isn't it true some of them are already on the
19 street as we speak?

20 A. Yes.

21 Q. And others are anticipated to get on to the street in
22 the next couple months.

23 A. Yes.

24 Q. I don't have a ton of experience with police
25 departments, but I will suggest that even a city the
176: 1 size of Detroit that a hundred is a lot of police
2 cars, is that wrong?

3 A. Yeah, it's -- that would be wrong. That's about 10
4 percent, actually less than 10 percent of the fleet
5 size.

6 Q. Do you know how many you had proposed to buy in the
7 first year?

8 A. I don't recall the first year, no.

9 Q. Was it more than 10 percent?

10 A. It very well could have been, yes.

11 Q. Did you reduce the amount of fleet spending in light
12 of this donation?

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

13 A. No.

14 Q. Why not?

15 A. Because we want to get there as soon as possible in

16 terms of improving the fleet.

Pg: 176 Ln: 17 - 25

Designation:

176:17 Q. So this is kind of a good example, if a private donor
18 comes along and says here is, I can't remember the
19 amount, may have been 8 million bucks or something
20 like that, here's a hundred new police cars, your
21 response to that is that's great, but I'm not going to
22 change how much I'm going to spend on reinvestment
23 initiatives because that will just help us get to our
24 goals quicker.
25 A. Yes.

Pg: 177 Ln: 1 - Pg: 178 Ln: 8

Designation:

177: 1 Q. And can you give me a sense of the average age of the
2 Detroit Police Department's facilities?
3 A. Average age of the facilities, I can't recall off
4 hand.
5 Q. Do you think there's work product at Conway MacKenzie
6 that reflects that?

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

7 A. Yes.

8 Q. And did Conway MacKenzie undertake a study of that
9 question?

10 A. Yes, we spent quite a bit of time actually on the
11 police facilities and worked not only with the
12 department but also the General Services Department
13 that maintains the facilities.

14 Q. And did you do the same thing for the fire facilities?

15 A. Yes.

16 Q. How do Detroit's police and fire facilities compare in
17 age and functionality to comparable municipalities as
18 we use that term earlier?

19 A. Well, this is, that is very difficult to measure,
20 number one, whether or not you would even have that
21 information publicly available from another
22 municipality, but we're talking about something that
23 is very qualitative in nature.

24 As an example, within the Fire Department,
25 which has been widely stated, we talked about it quite
178: 1 a bit of time, the facilities, some of them are 80
2 plus years old. They can't handle the apparatus that
3 the department has now, or should have.

4 So you could have a facility that might
5 actually be in okay condition, but if it can't, and
6 I'm not saying that the fire facilities are, but if it
7 can't handle equipment that's necessary, that's a
8 significant deficiency.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 178 Ln: 9 - Pg: 179 Ln: 3

Designation:

178: 9 Q. Understood. And my -- I guess my follow-up is, have
10 you undertaken a study of the extent to which other
11 municipalities face the same problem, like my home
12 town, Detroit's famous for its Fire Department, and
13 I'm sure it's got a lot of old fire departments and
14 fire stations, have you taken a look at assessing the
15 extent to which other municipalities have the same
16 issue?

17 A. No. This is more decisions that are made as to how
18 facilities need to be maintained.

19 Q. This was more just of an objective analysis which is
20 we need all of our facilities to be able to house all
21 of modern firefighting equipment.

22 A. I wouldn't go that far. We need our facilities to not
23 be in disrepair such that there are significant safety
24 issues.

25 Q. Do you know how much is anticipated to be spent on the
179: 1 police and fire facilities?

2 A. I don't have that number off hand, but certainly we
3 have that number.

Pg: 179 Ln: 4 - Pg: 180 Ln: 18

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Designation:

179: 4 Q. Now, with respect to things like patrol cars,
5 improving facilities, et cetera, isn't it true that
6 many of these initiatives will require requests for
7 proposal?
8 A. Not necessarily.
9 Q. So like if you go buy police cars, do you get a
10 request for proposal from different police car
11 vendors?
12 A. I'm sure we would do that through an RFP process.
13 Q. Let me take a step back and ask more broadly, which is
14 many of the reinvestment initiatives require
15 third-party vendors to either sell goods to the City
16 or to provide services, isn't it true?
17 A. Yes.
18 Q. Have you begun those RFP processes as we sit here
19 today?
20 A. Yes.
21 Q. When did those begin?
22 A. There are activities that occur all the time, so we
23 have been preparing for, as an example, the first
24 fleet purchase that we are hoping will occur in the
25 first calendar quarter of 2014, we've been preparing
180: 1 for that at this point.
2 There are other items where we have held
3 off, and one of the primary reasons for that is there
4 are a lot of vendors that don't like dealing with the

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

5 City to begin with. Add to that the fact that the
6 City is operating in Chapter 9 and that makes it even
7 more difficult.

8 Without the ability to clearly indicate to
9 someone that money exists for this, we have a hard
10 time getting the type of competitive responses we may
11 otherwise get, and so ensuring that we can put forward
12 a very confident and a sound proposal to people will
13 enhance what we're able to get from that process.

14 Q. So having an additional \$125 million in Quality of
15 Life proceeds will enhance the RFP process because it
16 will make more people willing to engage in that
17 process, correct?

18 A. Yes.

Pg: 181 Ln: 2 - 18

Designation:

181: 2 Is it fair to say that you were not
3 involved in the effort to source the DIP?

4 A. Correct.

5 Q. And neither was Conway MacKenzie.

6 A. That's right.

7 Q. And is it also fair to say that you weren't involved
8 in the analysis of which DIP to take?

9 A. Correct, I was not.

10 Q. So by sourcing, I mean the process that starts with

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

11 going out to the market to find lenders and ends with
12 settling on a specific lender.
13 A. The only involvement that we had is one of my
14 colleagues participated in some due diligence calls
15 from prospective lenders on the restructuring and
16 reinvestment. That's the only involvement that we
17 would -- that we had during the DIP process.
18 Q. Great. That's very helpful. Thank you.

Pg: 181 Ln: 19 - Pg: 182 Ln: 17

Designation:

181:19 Have you quantified the benefit of
20 improving the Detroit Police Department's fleet and
21 facilities on the level of services it will provide?
22 A. Again, not a linear relationship.
23 Q. It's more, if I can say, it's more general, which is
24 that if they're better, services will be better?
25 A. This gets into, if we go back to this morning, there
182: 1 is a certain level of capital expenditures that will
2 have to take place. At the rate the City is, or at
3 the rate the department is going right now, there may
4 not be cars available. So it's not a question of
5 having a nicer vehicle. Many of the vehicles are
6 inoperable and there are more becoming inoperable
7 every day. So what is the cost of not having cars to
8 be able to go out and take police runs? Very high.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

9 Q. But the goal of the reinvestment initiatives and the
10 restructuring initiatives is to get the City up to the
11 level of average service provision, right? We
12 established that earlier, correct?

13 A. Yes. On the fleet side we would like to get to a
14 four-year replacement. That's what we have built into
15 this. So there is some element of that that just has
16 to be there, but there is an improvement over where we
17 have been.

Pg: 182 Ln: 18 - Pg: 184 Ln: 13

Designation:

182:18 Q. I'll tell you in paragraph 14 of your declaration you
19 talk about modernizing the Detroit Police Department's
20 IT.

21 A. Yes.

22 Q. What is the DPD currently using?

23 A. There are a few different systems that are in use.
24 First of all, there's a system by the name of
25 C-R-I-S-N-E-T; however, the City does not have a
183: 1 comprehensive information technology system such that
2 information can even be shared between precincts.

3 Q. Is the intention to move to a comprehensive IT system?

4 A. Yes.

5 Q. How much do you think that will cost?

6 A. The amount is somewhere I believe in the neighborhood

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

7 of 20 to \$30 million.

8 Q. Do you know whether other, let's start with other
9 comparable municipalities the way we used that term
10 earlier, do you know whether they have comprehensive
11 IT systems?

12 A. Yes.

13 Q. And do they?

14 A. Yes.

15 Q. What's your basis for that information?

16 A. We have worked quite a bit with the Michigan State
17 Police Department, as well as counties in this area,
18 and also other municipalities.

19 Q. In terms of?

20 A. The systems that are being used. As you can imagine,
21 there is significant value in being able to share
22 information across municipalities. Michigan State
23 Police, as well as at the county level, is a
24 coordinator of information shared between departments.

25 Q. Is there an industry standard type of software that
184: 1 people use?

2 A. There are some common systems that a number of the
3 parties use.

4 Q. And is this shovel ready from the standpoint of you
5 started the RFP process for this?

6 A. Yes, there was a selection process that was
7 undertaken.

8 Q. Will this happen whether the Quality of Life proceeds

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

9 are received or not?

10 A. That has not been decided. If the Quality of Life

11 financing is not there, we would have to assess

12 whether these, whether there could be adequate funds

13 available to implement a system.

Pg: 184 Ln: 14 - Pg: 185 Ln: 15

Designation:

184:14 Q. How many police officers per citizen does Detroit

15 have, do you know?

16 A. Police officers, there are various levels of police

17 officers. There are police officers themselves, which

18 right now there's approximately 1900 police officers,

19 and that number's going down by day. Obviously there

20 are about 684,000 residents, or at least that's the

21 last estimate as of 2012.

22 In addition to the 1900 officers, there's

23 about 400 or so lieutenants and sergeants, so all in

24 there are about 2500 uniformed officers.

25 Q. Did you say 2500?

185: 1 A. 2500.

2 Q. I had 1900 plus 400.

3 A. Then there are also command officers as well and

4 leadership.

5 Q. Even above the lieutenants and sergeants?

6 A. Yes.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 7 Q. Taking all of them, how do they compare to other
8 similarly-sized municipalities? Let me strike that.
9 How does it compare to the comparable
10 municipalities we talked about earlier in terms of
11 police personnel per citizen?
12 A. It's across the board, or it's all over the place in
13 terms of averages.
14 Q. Sometimes Detroit's better and sometimes it's worse?
15 A. Yes.

Pg: 185 Ln: 16 - Pg: 191 Ln: 6

Designation:

- 185:16 Q. And what about with respect to the competitive
17 municipalities as we defined that term earlier?
18 A. It's very difficult to compare the Detroit Police
19 Department to any surrounding municipality given the
20 size, the amount of crime that takes place, so it is
21 not really a relevant comparison.
22 Q. Do you have work product, do you know, that puts this
23 all in one place and says here's how we stack up from
24 a personnel standpoint on the policing front?
25 A. I don't know if it's all in one place. There
186: 1 certainly are a number of these that exist.
2 Q. This analysis has been undertaken?
3 A. Yes.
4 Q. You just don't know if it does exist?

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

5 A. Yeah, I just don't know if it's all in one place.

6 Q. Okay. How many new police personnel does the City

7 plan to hire?

8 A. Approximately 275.

9 Q. So that's about a 12 percent increase in the size of

10 the force?

11 A. Yes.

12 Q. And when will it hire them?

13 A. As soon as we have adequate financing.

14 Q. About how much are the new police officers anticipated

15 to cost?

16 A. Well, what we're actually looking to do is there are a

17 number of uniformed officers that currently perform

18 administrative and clerical duties, so we are planning

19 on hiring civilians, non-uniform personnel, and then

20 moving the uniform personnel into typical police

21 officer-type duties.

22 Q. This is the so-called civilianization initiative?

23 A. Yes, that's exactly right.

24 Q. Do you have to modify the collective bargaining

25 agreement of any of the police unions to achieve this?

187: 1 A. There's an argument as to whether the collective

2 bargaining agreement is still effective for the DPOA,

3 but the others have expired.

4 Q. Do you agree that the DPD's command staff is too top

5 heavy?

6 A. Not anymore.

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

7 Q. So that problem's been remedied?

8 A. Yes.

9 Q. Do you agree that there may be additional grant
10 funding that could be out there to help the, improve
11 the DPD?

12 A. I think that there certainly are opportunities in the
13 grant area.

14 Q. About how much do you see in the way of opportunities
15 in this area?

16 A. Not sure. It would be very difficult to have a number
17 right now because right now the department has a very
18 poor grant management function, and so we're trying to
19 remedy that, and then we will have a better sense as
20 to what might be available.

21 Q. And those grants would be ones that would be able to
22 be used to serve some of the same purposes of the
23 reinvestment initiatives, correct?

24 A. Perhaps.

25 Q. With respect to the anticipated spending that was in
188: 1 the creditor proposal for the DFD and for EMS, fire
2 and EMS, those numbers also came from Conway
3 MacKenzie's work, is that correct?

4 A. Yes.

5 Q. Isn't it true that 60 percent, it's estimated by the
6 Detroit Fire Department that 60 percent of its runs
7 are for vacant structures?

8 A. Yes.

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

9 Q. And isn't it also true that as part of the blight
10 remediation effort the City hopes to dramatically
11 reduce the number of vacant structures?

12 A. Yes.

13 Q. And that's good because it will allow firefighters to
14 perform other tasks, correct?

15 A. Yes.

16 Q. And it will reduce wear on the fleet and equipment?

17 A. Yes.

18 Q. It will reduce redundancy of operations, correct?

19 A. Yes.

20 Q. And have you calculated the interplay between blight
21 remediation and what the needs of the Fire Department
22 are?

23 A. Could you clarify that question?

24 Q. Yeah. So when you were undertaking your work back in
25 January to June of 2013 and you were assessing the
189: 1 stages you went through in terms of identifying goals
2 and what it takes to implement them, do you remember
3 that?

4 A. Yes.

5 Q. At that time there were in fact whatever the number
6 is, 78,000 structures, or I don't know what the
7 numbers are, there was a bunch of different ones.

8 A. Yes.

9 Q. They were what they were?

10 A. Yes.

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

11 Q. Now, it is anticipated under your proposal that a lot
12 of these structures will be knocked down over the next
13 one, two, three years, correct?

14 A. Yes.

15 Q. If 60 percent of your runs are being driven by
16 structures that will no longer be there, would you
17 agree that that's a very material component of
18 assessing what the needs of the department will be
19 over the next three years?

20 A. To a certain extent.

21 Q. Did you knit those two things up for your analysis?

22 A. We have said numerous times that there is not a direct
23 relationship between blight and dollars that are spent
24 in other areas; so while the existence of blight
25 certainly can impact a department and what it gets
190: 1 worked on, what we have been very careful not to do is
2 to suggest that by eradicating blight, 60 percent of
3 the department can go away. That does not, that can't
4 happen.

5 Q. But that's -- I understand that, but what about the
6 idea that eradicating the blight might by itself
7 provide such a dramatic opportunity for enhancement in
8 Fire Department service provisions that it doesn't
9 independently require a significant outlay of money?

10 A. How would blight do that?

11 Q. By reducing the number of runs by 60 percent, because
12 that just seems like a massive, I mean, I feel like if

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

13 you walked in and told the police chief you're going
14 to have 60 percent fewer runs this year, he might say
15 okay, now I can do all the things that I have wanted
16 to do, he might, yeah, have some facilities that are
17 out of date.

18 I understand it wouldn't be perfect, but
19 the blight remediation alone seems extremely material.
20 My questions are aimed at understanding how did you
21 knit in the beneficial impacts of blight on your fire
22 restructuring initiatives and reinvestment
23 initiatives?

24 A. Well, the elimination of blight is not going to cause
25 more revenue to come into the Fire Department. If you
191: 1 are arguing that the expenses of the department get
 2 cut substantially, and as a result those savings can
 3 go to these items, we don't believe that that is the
 4 case, that you can cut the expenses of the department,
 5 which in the Fire Department over 90 percent of all
 6 the costs are labor related.

Pg: 191 Ln: 7 - Pg: 193 Ln: 23

Designation:

191: 7 Q. Do you anticipate hiring additional firefighters?

 8 A. In the short term, yes.

 9 Q. In the short term.

 10 A. Yes.

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

11 Q. But you're not just hiring them for the short term,
12 right? You're hiring them on as new FTE?

13 A. Well, there's a level of attrition that exists, and so
14 that attrition has been going on for quite some time
15 without replacement firefighters. Firefighters have
16 to come in to get to a certain level of staffing
17 that's required.

18 As time goes on and attrition continues to
19 occur in the ordinary course, then there's a question
20 as to whether the department will have to hire at the
21 level of attrition or if it will be able to scale back
22 a bit.

23 Q. How many firefighters are expected to be hired in the
24 short term?

25 A. The number is a hundred, a little over a hundred.

192: 1 Q. And that's compared to how many that it already has?

2 A. Right now, and just to clarify, the Fire Department
3 includes the EMS division.

4 Q. Okay.

5 A. When you talk about the total Fire Department, there
6 are approximately a thousand employees. Just on the
7 firefighting side I think it's 8 to 900, around 800 or
8 so right now.

9 Q. So this is, if -- did you say a hundred new ones?

10 A. Yes.

11 Q. So it's about 11 percent?

12 A. Yes.

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

13 Q. Firefighters to firefighters?

14 A. Yeah.

15 Q. Isn't it true that the City engaged a fire efficiency
16 expert on October 28, 2013?

17 A. Yes.

18 Q. And prior to that time it had not engaged one,
19 correct?

20 A. Correct.

21 Q. And who is that?

22 A. The name of the organization is TriData.

23 Q. Are they a consultancy that like the Manhattan
24 Institute helps you improve your fire department just
25 as the Manhattan Institute helps you improve your

193: 1 police department?

2 A. Yes.

3 Q. Now, TriData, TriData's final work product will not be
4 produced until March 2014, isn't that correct?

5 A. Yes.

6 Q. How much do, is it anticipated that they will cost, do
7 you know?

8 A. I don't have the number off hand.

9 Q. Why did the City wait over three months after filing
10 bankruptcy to hire a fire efficiency expert?

11 A. I don't know what the reasons for the delay were. We
12 undertook an RFP process and recommendations were made
13 as to the vendor that should be selected and there was
14 some period of time prior to them actually getting

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

15 engaged.

16 Q. You had one on the police front from the prior the
17 cases being filed, correct?

18 A. Yes.

19 Q. And you knew you were going to need a fire efficiency
20 expert at the time you filed the bankruptcy cases,
21 isn't that a fair statement?

22 A. Yes, I believe we had the RFP outstanding at that
23 time.

Pg: 194 Ln: 13 - Pg: 196 Ln: 1

Designation:

194:13 Q. For example, you talk in your declaration about things
14 like there being too few reserve vehicles in the Fire
15 Department?

16 A. Yes.

17 Q. Or is it none, at times there are no reserve vehicles?

18 A. Correct.

19 Q. What's the average reserve vehicle that a municipal
20 fire department will have?

21 A. Well, it all depends on the response times. The
22 national studies look at where the vehicles and the
23 equipment are and they look out in four and
24 eight-minute increments. So it's all a matter of how
25 many operable vehicles you have to service a

195: 1 four-minute area or an eight-minute area, and right

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

2 now the Detroit Fire Department has significant issues
3 in terms of the number of vehicles that it typically
4 has and the number of battalions, if you will, that
5 are open on any given day.

6 Q. Do you remember earlier that we were talking about the
7 anticipated amount of police investments over the next
8 five years that was disclosed in the proposal to
9 creditors?

10 A. Yes.

11 Q. And I asked you whether personnel was baked into those
12 numbers?

13 A. Yes.

14 Q. And you said no?

15 A. Correct.

16 Q. In the pages that follow, just to streamline this,
17 there are also numbers that are disclosed for the Fire
18 Department?

19 A. Yes.

20 Q. Are the personnel hires included in those numbers?

21 A. I don't believe that they are, because without opening
22 the book, those were mainly focused on our three areas
23 of capital expenditures, fleet, facilities and IT.

24 Q. Are you going to hire the new police officers whether
25 you get the Quality of Life note or not?

196: 1 A. We don't know.

Pg: 196 Ln: 6 - 7

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Designation:

196: 6 Q. Same question for the firefighters.

7 A. I don't know.

Pg: 196 Ln: 8 - 23

Designation:

196: 8 Q. Now, as of the June 2014 proposal to creditors, about
9 how many different, how many additional ambulances did
10 you think that the City needed to purchase?

11 A. I can't recall the number of ambulances specifically.
12 That certainly is in the schedules though.

13 Q. And isn't it also true that in August of 2013 that 23
14 ambulances were donated to the City by private donors?

15 A. Yes.

16 Q. And those are all actually in action now, isn't that
17 correct?

18 A. I believe so.

19 Q. Did you treat that in the same way you treated the
20 incremental police cars, which is great to have but
21 doesn't reduce our need for Quality of Life proceeds
22 anyway because it will just help us get there faster?

23 A. Yes.

Pg: 196 Ln: 24 - Pg: 198 Ln: 16

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Designation:

196:24 Q. What are the problems with the Fire Department and EMS
25 information technology?

197: 1 A. Similar to the Police Department where the information
2 that exists, right now when the department responds to
3 a call, it doesn't necessarily know what it's getting
4 into.

5 So it doesn't know information on the
6 structure, it doesn't know if it has visited the
7 address already multiple times. Having that
8 information available to the firefighters on exactly
9 where to go, even taking a step back, where it has to
10 go in terms of the fact that there's a call.

11 Right now in the Fire Department, in the
12 various departments right now, the various facilities,
13 they use mechanisms like having a pop can in front of
14 the fax machine so that when a fax comes in for a call
15 that they have to go on, it knocks the can over to
16 alert people that there's something that needs to
17 occur.

18 So there's no technology right now to
19 actually make the department aware that a call is
20 coming in, to provide all the necessary information
21 that they need to go on that call, and these are the
22 types of deficiencies that exist.

23 Q. So I don't mean to be flip, but are you saying that
24 the Fire Department gets fire alarms via fax

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

25 currently?

198: 1 A. Yes.

2 Q. For all of them?

3 A. Not all of them. Some departments are, some
4 facilities are even worse.

5 Q. So you mean there's some central, is there some
6 central dispatch that gets the 911 calls for both
7 police and fire?

8 A. Yes.

9 Q. And when they route it to the Fire Department, are you
10 saying best case scenario they send a fax, worst case
11 scenario they do something more informal like pick up
12 the phone?

13 A. I don't know if I would call the best case scenario
14 the fax, but these are the types of things,
15 contraptions that have been rigged in order to alert
16 people that they have a run to go on.

Pg: 198 Ln: 20 - Pg: 203 Ln: 7

Designation:

198:20 Q. What are the problems with the City's technology
21 infrastructure? I know it's antiquated with little
22 integration, but I was hoping you could explain with
23 more detail what's the problem and how do you expect
24 to fix it.

25 A. Okay. First, the City has no set standards that it

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

199: 1 follows, or that it has followed with regards to
2 information technology. As a result, a number of
3 applications have been implemented over the years that
4 don't talk to one another at all, and because of that
5 lack of integration, in many instances there are
6 actually duplicate systems running within the same
7 department, where both may be very highly manually
8 oriented, people are having to manually enter the same
9 information into two or sometimes even three different
10 systems.

11 The information itself doesn't, is not
12 shared, so there are so many things that the City may
13 do with a particular business, as an example, between
14 licensing or permitting or inspecting, and there's
15 very little interaction among the services that get
16 performed for the same physical location.

17 Then, as you take it even a step further,
18 when you talk about sources of revenue, property taxes
19 as an example, the tying together of tax, property tax
20 information and collection information with these
21 other services that are going on, so the lack of
22 integration and the lack of the ability to consolidate
23 this information makes things very difficult to be
24 efficient and to maximize what sort of revenue can be
25 realized.

200: 1 Q. I take it the solution is to have a common ERP system?

2 A. Common ERP system is certainly one element. The

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

3 current ERP system that the City uses is an
4 Oracle-based system called Dreams (DRMS). It was
5 implemented approximately 15 years ago, never
6 implemented, never fully implemented. It's way past
7 when it has any support.

8 Replacing that system is a very important
9 element. You can still have other systems for
10 department-specific needs, but it's ensuring that
11 there's integration among the data that is very
12 important.

13 Q. What is the ERP system that you recommend the City
14 moves to?

15 A. There are three different paths that have been
16 evaluated. A decision has not been made. The three
17 paths are to re-implement the Oracle system to bring
18 it to a current version, because the system -- City
19 customized the existing system so much, it's
20 essentially a new implementation of Oracle, so that's
21 path one.

22 Path two is to undertake a selection for a
23 new ERP system, and path three is to move to what is
24 being developed by the Michigan Municipal Services
25 Authority, I think it is, the MMSA, where they are
201: 1 trying to implement a system that can be hosted and
2 used by many municipalities.

3 Q. What are the three different costs of each of those
4 options, do you know?

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

5 A. Yes. Plante Moran is an outside firm that has, this
6 is one of the areas that Plante Moran has been
7 involved in, and they've evaluated the potential cost
8 with those three alternatives. I don't have the
9 numbers off hand.

10 The number that we've included I think for
11 the ERP system in our restructuring and reinvestment
12 was in the neighborhood of 25 to \$30 million.

13 Q. I misunderstood Plante Moran from the materials. Are
14 they providing services as an IT consultant?

15 A. That is one of the services that they are providing.
16 They're an accounting firm, however, they have
17 consulting services and the two biggest areas where
18 they are involved is with the assessor's office
19 related to property taxes and they also have been
20 involved on the IT side. They perform other services
21 in the finance area as well including the accounting.

22 Q. So this is something I know a little bit about, enough
23 to be dangerous anyway, not from firsthand by my
24 father-in-law was the CIO of Honeywell; so one of the
25 things I know about ERP systems is changing over from
202: 1 one system to another is a very complicated thing for
2 an enterprise to do. Do you agree with that
3 statement?

4 A. It can be.

5 Q. And it's also something that is very difficult to do
6 because while you're making the transition, you need

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

7 to try to keep providing services as you go.

8 A. Yes.

9 Q. When did Plante Moran begin assessing the problem of
10 what ERP system the City should use?

11 A. I don't know specifically when it began its work, but
12 the requirements definition work, which is what I was
13 referring to and that was done to determine what the
14 potential paths were -- were going on during this time
15 period of what we've been talking about, January
16 through June.

17 Q. You think they were working during that time period.

18 A. Yes.

19 Q. You just can't remember what they started.

20 A. Correct.

21 Q. Have they come, had they reached a final conclusion
22 prior to June 14th about the three different paths?

23 A. I believe that they published their final report after
24 June 14th; however, we certainly were having
25 conversations with them prior to that time about what
203: 1 the potential number could be.

2 Q. Okay. So you were getting informal feedback from them
3 even if it preceded their final report?

4 A. Yes.

5 Q. And you used that informal feedback to size the amount
6 that would be spent on City ITS?

7 A. Yes.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 203 Ln: 8 - Pg: 205 Ln: 4

Designation:

203: 8 Q. Let's talk about blight if we could.

9 A. Okay.

10 Q. Who is charged with developing the blight remediation
11 plan for the City of Detroit?

12 A. Currently that's Roy Roberts.

13 Q. Has he done that?

14 A. He is in the process of doing that.

15 Q. When will he be done?

16 A. He has indicated that he plans to have some
17 recommendations in January.

18 Q. It's my understanding that I think over the, I think
19 it was the five years starting with fiscal year 2014,
20 the proposal to creditors assumed \$400 million of
21 blight remediation, does that sound accurate to you?

22 A. It's actually \$500 million over six years.

23 Q. I think it was 500 over six and 400 over five.

24 A. That's correct.

25 Q. How was the size of that spending determined?

204: 1 A. It was based on, first of all, identifying that this
2 would be limited to residential blight elimination.
3 Secondly, going off the statistics that the City had
4 in terms of the typical cost to demolish a lot, the
5 number of lots and structures that were anticipated to
6 be demolished, and then also where savings could be

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

7 realized from perhaps taking some different approaches
8 than had been undertaken in the past.

9 Q. So I don't mean, this is not meant to be flip at all
10 but let me see if I can understand. Was it as simple
11 as taking that I think \$8500 a structure number that's
12 in the proposal to creditors and multiplying that by
13 the number of anticipated vacant residential
14 structures?

15 A. The -- yeah, we actually came up with a lower number.
16 It was sort of a range, but yes, that was figuring out
17 what we could potentially reduce the per structure
18 amount to, also incorporating non-structural blight
19 removal, and then the number of units that were
20 potentially going to have to be addressed to come up
21 with that total estimate.

22 Q. So it was very aggregate in the sense that you were
23 descending from the assumption that you would
24 remediate all of the residential vacant structures
25 over the ensuing six years, correct?

205: 1 A. Correct.

2 Q. And that's how you sized the amount to spend doing
3 that.

4 A. Yes.

Pg: 205 Ln: 5 - 8

Designation:

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

205: 5 Q. Now, Mr. Roberts is coming along and figuring out how
6 to specifically deploy those amounts during that
7 six-year period, correct?
8 A. Yes, or whatever period he determines.

Pg: 205 Ln: 9 - Pg: 206 Ln: 5

Designation:

205: 9 Q. You agree that an uncoordinated effort to remove
10 blight will result in inefficient application of
11 scarce resources?
12 A. That is one potential risk.
13 Q. What entities need to coordinate in order to avoid
14 this outcome?
15 A. There are various agencies within the City, first of
16 all, that are, that need to be coordinated, such as
17 the Planning Department, Building Safety and
18 Engineering, outside parties such as utility
19 companies. There is the legal system, in order to
20 ensure that the appropriate title exists, in order to
21 perform these activities and the right steps have been
22 undertaken, and then depending on what types of
23 dollars we're talking about, perhaps other
24 governmental agencies as well, including the State.
25 Q. How much of the, if the Quality of Life note is
206: 1 approximately 120 million, which is I know an
2 assumption, about how much of that will go to blight

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

3 remediation?

4 A. I think in fiscal year '14 that number's around \$35

5 million that we have.

Pg: 206 Ln: 6 - Pg: 210 Ln: 25

Designation:

206: 6 Q. And is Detroit shovel ready to deploy \$35 million of

7 blight removal monies from the Quality of Life note

8 proceeds in the next six months?

9 A. Demolition activities have been occurring, and

10 continue to occur right now. The City receives money

11 through grant sources that it uses for demolition.

12 In addition, you're probably aware of the

13 Hardest Hit funds that were awarded to the City that

14 are being deployed right now.

15 Q. That is actually a good anticipation of the next

16 question, which is, the City's currently engaged in

17 substantial blight remediation efforts as we speak,

18 isn't that correct?

19 A. Depends on how you define substantial.

20 Q. It has knocked down thousands of structures over the

21 last year.

22 A. I think, I don't have the exact number, but it would

23 be probably north of a thousand.

24 Q. Now, with respect to the Hardest Hit fund, the MSHDA?

25 A. Yes.

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

207: 1 Q. Is now allocating \$52 million from that fund for
2 blight elimination on four to 6,000 structures, is
3 that correct?
4 A. Yes.
5 Q. And that money is ready for deployment today, correct?
6 A. Correct.
7 Q. About how long will it take to deploy that money into
8 the hands of the contractors that remediate the
9 structures?
10 A. Based on the process that has to be followed under
11 MSHDA, we're anticipating about 18 months.
12 Q. So I guess what's your ability to burn blight
13 remediation cash starting January 1, 2014, if I walked
14 up to you and said, Mr. Moore, here's a hundred
15 million bucks, I want you to get started right now
16 knocking down residential structures, about how
17 quickly could you get that money out the door to the
18 contractors and all the other people that go into
19 knocking them down?
20 A. I think the answer is pretty quickly. What we would
21 want to make sure that we do is deploy the dollars in
22 the best way possible, and so that means not only
23 deciding specifically where we are going to deploy,
24 but also how we will deploy those dollars.
25 Q. And how long do you think that takes?
208: 1 A. That is the process that there is a blight task force
2 and they are undertaking all of their activities right

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

3 now and they're planning on publishing something,
4 their recommendations, in the month of December.

5 Mr. Roberts will be using that as an input
6 in terms of his recommendations that he will make to
7 Kevyn Orr in January.

8 Q. And as we talked about earlier, once you get the
9 blight remediation plan you still need to coordinate
10 with all the different departments that go into
11 remediating blight?

12 A. Yes, and this is what's going on now, specific
13 recommendations of how those steps will be carried
14 out.

15 Q. But you understand the idea that like not everyone in
16 the world remediates blight for a living in terms of
17 there being contractors to whom you can give the money
18 to go knock buildings down?

19 A. We certainly know of the contractors that are
20 available for this, yes.

21 Q. And are they not operating at capacity as we speak or
22 are they capable of scaling up?

23 A. They're capable of scaling up.

24 Q. Have you made a study of the extent to which, I'm
25 talking cash flow out the door directed at blight
209: 1 remediation, have you made a study at what's the
2 maximum burn rate you can ramp up to starting in
3 January?

4 A. That was the basis for doing it over six years. We

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

5 felt that the capacity constraints were such that
6 deploying approximately 100 million per year was where
7 we would be.

8 Since that time, however, and this will be
9 confirmed by the blight task force when they complete
10 their work, we believe that there are ways to deploy
11 that money even quicker to remove some of those
12 constraints.

13 Q. And if I have it right, the view of Conway MacKenzie
14 when it made its restructuring and reinvestment
15 initiative recommendation was that 600 million, \$500
16 million over six years was an appropriate spend for
17 the City of Detroit on its blight problem.

18 A. Yes.

19 Q. And that was \$50 million each of the first two years
20 followed by four consecutive years at \$100 million,
21 correct?

22 A. Yes.

23 Q. Now, since the time you made that report though, the
24 Hardest Hit fund funds have come in from the MSHDA, is
25 that correct?

210: 1 A. Yes.

2 Q. And in addition, since the time you made that
3 recommendation, there are HUD grants in the amount of
4 approximately \$12 million that have been repurposed to
5 allow for blight remediation, isn't that correct?

6 A. This is a primary source of funding for the demolition

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 7 efforts that have gone on in the past; so there are
8 consistently grant dollars that are made available for
9 demolition.
- 10 Q. I had been under the impression that it was a recent
11 development that certain HUD funds totaling \$12
12 million had only recently been capable of being
13 repurposed to blight remediation of the time we're
14 talking about here.
- 15 A. I would have to go back and check my notes, but if
16 you're referring to the recent federal announcement of
17 300 million or so, some of that is, in fact a good
18 amount of that is money that already existed and had
19 been available to the City.
- 20 Q. Available but not spent, right?
- 21 A. Correct.
- 22 Q. So to the extent I'm right, 12 plus 52 is 64 million
23 that Detroit has today to spend on blight remediation,
24 correct?
- 25 A. Yes.

Pg: 211 Ln: 1 - 16

Designation:

- 211: 1 Q. And is your attitude with respect to that grant
2 similar to the attitude we talked about with the new
3 police cars, which is, to the extent there's
4 additional blight remediation money, we'll put it with

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

5 the blight remediation money we plan to spend anyway
6 and just go that much faster?
7 A. It is not an apples to apples comparison necessarily.
8 A dollar provided through MSHDA for blight elimination
9 is not as efficient of a dollar that we have developed
10 in our plan.
11 So we only get about 50 cents in terms of
12 bang for the buck. Roughly speaking, that \$52 million
13 that we could get for blight through MSHDA and the
14 Hardest Hit funds would be equivalent to about \$26
15 million from the approach that we've taken here on
16 blight removal.

Pg: 211 Ln: 17 - Pg: 212 Ln: 1

Designation:

211:17 Q. I saw somewhere that MSHDA had like hired demo costs.
18 A. Yes.
19 Q. Like are their demo costs 10,000 and you think you
20 could do I thought it was 8500?
21 A. Yes, and we think we can even do that cheaper. There
22 are other elements to the MSHDA costs. MSHDA also,
23 the amount involves ongoing maintenance as well.
24 Q. I see.
25 A. So the total amount per lot is far greater than what
212: 1 we were looking at per lot.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 212 Ln: 2 - Pg: 214 Ln: 4

Designation:

212: 2 Q. So you're saying think of a MSHDA dollar as 50 cents
3 if I want to make a comparison to the way you can
4 deploy blight remediation capital directly from the
5 City.

6 A. Yes.

7 Q. Isn't it true that the City has undertaken certain
8 reinvestment initiatives in itself since it's filed
9 for bankruptcy separate and apart from the capital R,
10 capital I, reinvestment initiatives?

11 A. Well, the items, I'm not sure which items you're
12 referring to.

13 Q. I was just trying to establish the concept generally
14 that the City's not just standing still with respect
15 to reinvestment and restructuring as we sit here today
16 waiting for the Quality of Life note to be approved.

17 A. There are some activities that are underway, but a
18 substantial amount of activities are really sitting on
19 hold pending the Quality of Life financing.

20 Q. That may be true but I do want to talk about the ones
21 that are already underway independent of the Quality
22 of Life financing.

23 Can you describe the amount of dollars that
24 the City will invest in reinvestment initiatives prior
25 to obtaining the Quality of Life note?

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

213: 1 A. I think that right now looking at the types of things
2 that we have in here, we have maybe \$20 million over
3 the first six months of fiscal year '14. I think
4 maybe 18 million actually. So on average about \$3
5 million per month that the City will deploy.

6 Q. No matter what.

7 A. Yes.

8 Q. Okay. And it's also undertaken substantial
9 restructuring initiatives, correct?

10 A. It all depends on how you define substantial.

11 Q. Fair enough. It has undertaken restructuring
12 initiatives to date in advance of the Quality of Life
13 note being approved, correct?

14 A. Well, a big part of the restructuring is actually
15 hiring people, and we're looking at bringing in 500
16 people, plus we have to make up for some attrition
17 that has happened.

18 We have received approval to hire 75 or so,
19 so the activities that are pending the financing are
20 substantial. It's a much smaller portion that
21 actually has been approved and is going on.

22 Q. And have you undertaken a study of what reinvestment
23 efforts the City could undertake in the next two
24 quarters without the Quality of Life proceeds?

25 A. We know that if the City undertakes the planned
214: 1 restructuring and reinvestment activities that are in
2 the forecast, and there is no Quality of Life loan

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

3 proceeds, it is projected that the City will run out
4 of cash by May of 2014.

Pg: 214 Ln: 5 - 11

Designation:

214: 5 Q. I see. So if they use your schedule for -- if they do
6 20 million bucks a month for the first six months of
7 2014, they will be out of cash by the middle of 2014.
8 A. Yes. And you're referring to calendar year in both of
9 those statements.
10 Q. I was. Thank you.
11 A. Yes.

Pg: 214 Ln: 12 - 19

Designation:

214:12 Q. Now, if the -- there's about \$120 million that is six
13 times 20 during the first half of calendar year 2014,
14 correct?
15 A. Yes.
16 Q. If the City wanted to maintain a \$50 million buffer
17 that was the threshold that you had identified
18 earlier, do you remember that?
19 A. Yes.

Pg: 215 Ln: 2 - Pg: 217 Ln: 13

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Designation:

- 215: 2 Q. So let's go back to what you said earlier. You said
3 there's no QOL proceeds?
4 A. Yes.
5 Q. But we still do the QOL reinvestment initiative?
6 A. Yes.
7 Q. As if we had gotten the proceeds?
8 A. Yes.
9 Q. If we do that, which roughly anticipated \$20 million a
10 month over six months, that's the kick start, right?
11 A. Yes.
12 Q. The City will have no cash at the end of that six
13 months.
14 A. Correct.
15 Q. I'm going backwards and saying, okay, if I decide that
16 Mr. Moore's a smart guy who is right to say the City
17 should have at least 50 million bucks at any time, and
18 I say 50 million is out of cash, by negative extension
19 can't I do 70 million of reinvestment initiatives and
20 still have that 50 million at the end?
21 A. When I said that the City will be out of cash, I mean
22 literally negative balance, not hitting a \$50 million
23 threshold. The City would be out of cash by May of
24 2014.
25 Q. Right, that means it would have zero cash.
216: 1 A. Yes.

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

2 Q. Because it would have spent 120 million out of its own
3 money rather than borrowing it.

4 A. Yes.

5 Q. Now, let's pretend that we don't do that and we say
6 that we'll stop when we get down to 50 million at the
7 end.

8 A. Okay.

9 Q. Can't we spend 70?

10 A. Well, first of all, I referenced that the City would
11 be out of cash by May.

12 Q. Okay.

13 A. Of 2014. And so we are talking about four months
14 prior to that, that's \$80 million. If we want to use
15 a \$50 million threshold, then we're talking about 30
16 million.

17 Q. Okay. Understood. So it could do 30 million of
18 reinvestment initiatives.

19 A. Potentially. I would want to look at that because
20 that negative balance actually grows into June; so
21 just because we would, and by the way, it's negative
22 something, and we were, in our exercise that we were
23 just going through, we were treating it as zero, but
24 it's a negative number in May, and then it becomes
25 even more negative in June.

217: 1 Q. Is this something that you have looked at as you sit
2 here today or have you not?

3 A. Those cash balances as to what they would be? Yes.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

4 Q. I mean, do you have a plan B for if the Court says,
5 no, I do think that we should wait, I understand that
6 the problems are pressing, but we'll get to them in
7 our own way, we'll do it in a different way than you
8 all want to do, do you have a plan B for that?

9 A. As I say in my declaration, all we know is that we'll
10 have to substantially cut back the restructuring and
11 reinvestment and we will have to determine what if any
12 cash will be available for restructuring and
13 reinvestment.

Pg: 217 Ln: 14 - 22

Designation:

217:14 Q. Have you made a study of which of the reinvestment
15 initiatives will save lives and which will merely
16 improve the provision of services within the city, so
17 I'm comparing for example a new police car as
18 something that might save a life, whereas a better ERP
19 system would improve the services in the city but only
20 at the most attenuated levels do we think of ERP
21 systems as saving lives, do you understand the
22 distinction?

Pg: 218 Ln: 1 - 21

Designation:

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

218: 1 A. I do understand. I don't like to get into trying to
2 get my arms around all of the indirect relationships
3 that could exist. I'm not saying that it's easy to
4 form a relationship between an ERP system
5 implementation and saving lives, but what we are
6 talking about is a municipality that is there to
7 service residents, and if that municipality is not
8 able to service its residents for whatever reason, if
9 it can't process revenue that it receives or even send
10 out bills in the right way, does that mean then that
11 the City does not have resources to put towards law
12 enforcement?

13 And without those law enforcement
14 resources, does that result in a fatality? There are
15 a number of indirect relationships that could exist,
16 so I really hesitate to say this doesn't have an
17 impact on people's lives.

18 BY MR. HACKNEY:

19 Q. So you haven't given consideration then to which of
20 the proposed reinvestment initiatives will save lives
21 and which will not?

Pg: 218 Ln: 23 - 24

Designation:

218:23 A. We have not categorized the restructuring and
24 reinvestment in that way.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 219 Ln: 1 - Pg: 220 Ln: 12

Designation:

219: 1 Q. Now, at some point in time did you, obviously you have
2 today developed the belief that the City would need
3 the DIP loan in order to effectuate the restructuring
4 initiatives?

5 A. Yes.

6 Q. So you know that as you sit here now, when's the first
7 point in time at which you knew the City will need a
8 loan to do what I think it needs to do?

9 A. From the time that we put together the plan, so in
10 June of 2013, we have been focused on how do we get
11 going on these initiatives. Cash availability has
12 always been a very important aspect of those
13 conversations.

14 Q. Okay. But when did you know that you would need the
15 QOL note to do the reinvestment initiatives?

16 A. I don't know specifically but I certainly recall
17 having these types of conversations in August.

18 Q. Okay. Because they were out there sourcing it by the
19 end of August, third to fourth week of August is when
20 they start sourcing it.

21 A. I think that's right.

22 Q. But didn't you know, you're a sophisticated guy,
23 didn't you know prior to that time that the City's

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

24 cash position was not good?

25 A. Certainly.

220: 1 Q. So as -- by logical extension, didn't you think it was
2 likely that it would have to borrow to fund
3 reinvestment initiatives before it filed?

4 A. Very possible, yes.

5 Q. Now, the City did not begin sourcing the DIP loan
6 until the third or fourth week of August, isn't that
7 correct?

8 A. I think that's the time frame, yes.

9 Q. And that represents a five or six-week delay between
10 the filing of the case and that point in time, is that
11 correct?

12 A. Yes.

Pg: 220 Ln: 24 - Pg: 222 Ln: 8

Designation:

220:24 Q. Well, if they had had the DIP loan ready day one,
25 which as you know in bankruptcy is common, right?

221: 1 A. Motions for DIP financing in bankruptcy, in corporate
2 bankruptcy, are common. As far as I'm aware, this is
3 the first post petition financing in a Chapter 9 case
4 ever.

5 Q. Okay. Didn't you also understand that the City would
6 likely require a DIP loan in order to exercise the
7 swap termination rights? I know that wasn't your

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

8 principal obligation but you were tracking that story,
9 right?

10 A. I was aware that in order to effectuate the proposed
11 settlement that the City would need to come up with
12 cash somehow.

13 Q. And it was likely to borrow it?

14 A. Yes.

15 Q. You knew how much cash they had, right?

16 A. Yes.

17 Q. And you knew the approximate size of the swap
18 termination from the newspaper reports?

19 A. Yes.

20 Q. And you knew the terms of the swap deal prior to or on
21 the day of the filing because that's when that motion
22 was filed, right?

23 A. Generally, yes.

24 Q. To your knowledge when was the decision reached to
25 seek DIP financing?

222: 1 A. I don't know. I was not involved in that decision.

2 Q. Is it your position that lives will be lost if there
3 is an additional time period here of delay to consider
4 the DIP as part of a plan of adjustment?

5 A. The implications of not being able to begin the
6 restructuring and reinvestment program could be very
7 significant, including lives being lost. We don't
8 know.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 225 Ln: 12 - Pg: 228 Ln: 20

Designation:

225:12 Q. Do you have Exhibit 6 in front of you?

13 A. I do.

14 Q. Did Conway MacKenzie prepare this document?

15 A. No.

16 Q. Do you know who did?

17 A. Ernst & Young.

18 Q. Have you seen this document before?

19 A. Yes.

20 Q. This document as I understand it identifies the

21 funding that was part of the federal funds

22 announcement that was made on September 27, 2013, is

23 that also your understanding of what this document is?

24 A. Yes.

25 Q. I know that you didn't draft this document, I know you

226: 1 only saw it, but I'm going to ask you questions about

2 the document from your personal knowledge.

3 So don't conflate like because it says it

4 here it means it's true. I'm asking you if it is

5 true.

6 A. I understand.

7 Q. If you look down there at the bottom in the left-hand

8 corner there's a number which is 368.1 million, do you

9 see that?

10 A. Say that number again?

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

11 Q. 368.1 million is right here.

12 A. Oh, yes, bottom left corner, I thought you said right
13 corner.

14 Q. I misspoke if I did. So as I understand it, that
15 tallies this column right that I'm pointing to here on
16 the far left, which is all comprised of different
17 amounts.

18 A. I believe that's the case.

19 Q. So for example, do you see that there are, as part of
20 that announcement there was \$65 million in HUD
21 Community Development Block Grants?

22 A. Yes.

23 Q. And that was money that could be used for blight
24 eradication, is that correct?

25 A. Yes.

227: 1 Q. And in fact there was \$52 million from the Hardest Hit
2 Fund that we described earlier, correct?

3 A. Yes.

4 Q. If you look at the philanthropic and business org line
5 entry all the way down to the HUD Neighborhood
6 Stabilization Program 2 entry, that suggests there is
7 about \$20 million available for commercial blight
8 remediation, is that correct?

9 A. Yes.

10 Q. And to your knowledge is that correct that those funds
11 are now available to the City for that form of
12 activity?

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

13 A. I don't know.

14 Q. Fair to say that the, many of the activities that the
15 federal funds can be used for are in similar areas to
16 the focus of the reinvestment initiatives?

17 A. Specifically blight, if that's what you're referring
18 to, yes.

19 Q. For example, one of the newly identified funds was \$25
20 million from FEMA to hire 150 firefighters, correct?

21 A. Yes.

22 Q. And is it correct that that \$25 million in funds was
23 newly identified on 9-27?

24 A. The SAFER grants, which is what that refers to,
25 actually the City has been awarded that in the past as
228: 1 well; so this is essentially the next version of that
 2 SAFER grant.

3 Q. I take it so it's something that you hope and expect
4 you'll get every year but you don't know that you got
5 it until they say that you did?

6 A. That's correct.

7 Q. But I guess given that nothing in life is guaranteed,
8 that was something that was confirmed on September 27,
9 2013, that will allow an additional 150 firefighters
10 to be hired, is that correct?

11 A. Yes.

12 Q. And in addition there's a D.O.J. grant below for \$3
13 million that relates to hiring new police officers,
14 correct?

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

15 A. Yes.

16 Q. So I won't make you go through all of these line by
17 line, but I do want to ask you some general questions
18 about the concept of grants from state and federal
19 authorities.

20 A. Okay.

Pg: 228 Ln: 21 - Pg: 230 Ln: 6

Designation:

228:21 Q. And what I want to ask you is, how did you take it
22 into consideration when you were formulating the
23 reinvestment initiatives? Did you do what we talked
24 about earlier, which is to the extent there is a
25 federal or a private grant that allows for the

229: 1 advancement of things that are like the reinvestment
2 initiatives, that's great, it will help us get there
3 faster, but I'm not reducing the amount that I'm
4 recommending we spend?

5 A. There are a couple of items. First of all, leading up
6 to the proposal for creditors, so leading up to that
7 June 14th date, certainly we anticipated that there
8 was a chance that we may be able to identify other
9 sources of funds that could go towards this, but at
10 that point we didn't know what those funds could be or
11 what the sources would be.

12 And so as part of laying this out to the

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

13 overall restructuring team, there was a provision made
14 in the note that one of the three ways that principal
15 is paid on that note is if we receive money from other
16 sources to go towards our plan.

17 So it was sort of a catchall, if you will,
18 we don't know what the amounts may be, but to the
19 extent that we receive amounts, then those would go
20 towards paying on the principal portion of that note,
21 the \$2 billion note.

22 Q. And what, would amortize it faster?

23 A. Yes, there was no amortization in that note.

24 Principal would only be paid based on those three
25 things, those three conditions being, or in existence.

230: 1 Q. The three conditions, if there are other funds and if
2 they can be used?

3 A. One related to higher than forecasted revenue, next
4 one related to proceeds from asset sales, and the
5 third one related to cash from other sources that
6 could go towards the plan.

Pg: 230 Ln: 7 - 22

Designation:

230: 7 Q. Okay. Let me turn it around on you a little bit
8 though, which is to say, even if you can't get the
9 Quality of Life note proceeds in the time frame that
10 you want them, and I believe that the City needs them,

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

11 isn't it true that the City will still be able to
12 spend the grant monies that are identified on this
13 piece of paper to the best of your knowledge?
14 A. I don't know. I think that that is correct but I
15 don't know for sure. I just don't know all of the
16 conditions that exist relative to the use of these
17 funds.
18 Q. And I take it you have not undertaken a study of that
19 question?
20 A. Not me, no.
21 Q. And Conway MacKenzie also has not?
22 A. Correct.

Pg: 230 Ln: 23 - Pg: 232 Ln: 4

Designation:

230:23 Q. Mr. Moore, has Conway MacKenzie conducted any analysis
24 of how the proposed reinvestment initiatives will
25 improve creditor recoveries?
231: 1 A. Just in general.
2 Q. What do you mean by that?
3 A. We believe that if the City can be made an attractive
4 place for residents and businesses to locate, that
5 that will potentially result in higher revenue or at
6 least stabilizing the revenue and not seeing
7 substantial declines, which have occurred over the
8 last several years, and there is a potential for

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

9 reduced expenses as the City is able to operate more
10 efficiently.

11 If there is more revenue and/or lower
12 expenses and net cash flow from operations is a source
13 for creditor recoveries, then that would increase the
14 amount that is potentially available for creditors.

15 Q. Because it would be deployed to amortize the \$2
16 billion note?

17 A. Or whatever is decided in terms of how creditors get a
18 recovery on their claims.

19 Q. And have you taken any effort to quantify that
20 analysis?

21 A. Well, we certainly, there's already \$350 million in
22 added revenue in the forecast. The forecast is
23 somewhat stabilized and there's \$350 million of
24 additional revenue that is anticipated based on these
25 activities occurring.

232: 1 There are also some cost reductions that
2 are netted into the numbers that we're talking about
3 here that are also based on the expenses being
4 incurred, expenditures made.

Pg: 232 Ln: 5 - Pg: 233 Ln: 6

Designation:

232: 5 Q. You understand that the proceeds of this \$350 million
6 facility are going to be senior to all the unsecured

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

7 creditors, correct?

8 A. I do.

9 Q. The facility that will be senior I should say.

10 A. I have not spent time on that specifically but that's
11 my general understanding.

12 Q. Do you have work product anywhere that shows what
13 creditor recoveries will be in the absence of the
14 Quality of Life note and compares it to what they will
15 be in the presence of the note?

16 A. We do not.

17 Q. And if I asked you for any, you've described almost at
18 a thematic level what could happen if the Quality of
19 Life reinvestment initiatives are undertaken, fair
20 statement?

21 A. Yes.

22 Q. You haven't made an effort to analyze the actual
23 impact on creditor recoveries as a specific dollar
24 amount if they are or are not taken, correct?

25 A. Well, creditor recoveries are going to be determined
233: 1 based on a plan of adjustment, and the plan of
2 adjustment and what gets proposed for various classes
3 of creditors is not something that I am heavily
4 involved in.

5 Q. And so it's fair to say that you haven't done that.

6 A. Yes, I think that's fair to say.

Pg: 233 Ln: 7 - Pg: 234 Ln: 17

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Designation:

233: 7 Q. Now, and I take it if I asked you about each of the
8 component parts of the Quality of Life note,
9 reinvestment initiatives, and by that I mean public
10 safety, information technology, and blight
11 remediation, and asked you to identify how each
12 subcomponent will in and of itself improve creditor
13 recoveries, you would give me a similar answer?

14 A. Yes.

15 Q. Which is that you were not tasked with calculating
16 that.

17 A. Yes.

18 Q. And that thus you don't know.

19 A. Correct.

20 Q. Do you know if there is another professional or person
21 affiliated with City of Detroit that is tasked with
22 conducting that analysis?

23 A. What I would want to clarify is I view two things,
24 there is what impact does the restructuring and
25 reinvestment have on the City and its ability to
234: 1 operate and what the projections may be. There's a
2 completely separate activity that would involve what
3 is the proposal and what are the proposed recoveries
4 for various creditor claims.

5 So as it relates to the first item, that's
6 certainly something that we are heavily involved in,

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

7 assessing how each one of these investments will
8 impact and improve the City's operations, its cash
9 flow, et cetera.

10 The other part though in terms of what the
11 proposed treatment will be for each class of creditor
12 claims is not something that I'm heavily involved in,
13 certainly Jones Day and Miller Buckfire are both
14 heavily involved in those items.

15 Q. Isn't it fair to say that improving City services is
16 of paramount concern with the impact on creditor
17 recoveries of secondary concern?

Pg: 234 Ln: 20 - Pg: 236 Ln: 7

Designation:

234:20 Q. To you.

21 A. I don't think that that's a fair statement. I think
22 that improving services is, I hate to use the cliché,
23 win/win situation, but to me it is not only vitally
24 important for residents and businesses, but it greatly
25 improves the chances for recoveries for the creditors.

235: 1 Without spending any money, I'm not sure
2 that there would be any basis for any recoveries to
3 creditors.

4 Q. Let me direct your attention to page 90 of the
5 proposal to creditors if I could, Mr. Moore.

6 MR. HAMILTON: Exhibit 3, right?

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

7 MR. HACKNEY: Yes, sir.

8 BY MR. HACKNEY:

9 Q. Do you have that in front of you?

10 A. I do.

11 Q. Do you remember earlier we talked about that

12 ultimately I think it was like a three-step process

13 that you and Ernst & Young, Conway MacKenzie and Ernst

14 & Young worked together on, which was building a

15 10-year forecast of the City as operated, then

16 layering in the reinvestment initiatives?

17 A. Yes.

18 Q. And the third step that I just added that you can I

19 think see on the subsequent pages is then backing out

20 the unsecured legacy liabilities to make sure you

21 weren't running a deficit.

22 A. Yes.

23 Q. Or to see if you weren't running a deficit I should

24 say. You remember we talked about that.

25 A. I do.

236: 1 Q. Is this the first step in that, is this the first two
2 steps in that process, which is presenting the City as
3 it operates, plus the reinvestment initiatives?

4 A. Yes, I think that's fair to say. Just to clarify,

5 what we, what we did here is we have the City as it

6 operates, including all of the legacy liabilities and

7 the reinvestment and what that would look like.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 236 Ln: 10 - Pg: 238 Ln: 4

Designation:

236:10 Q. So let me make sure I understand who's doing what.

11 You see on page 91 where it says reinvestment in the
12 City?

13 A. Yes.

14 Q. If I put a box around that and the lines between that
15 and total reinvestment in the City, I could fairly
16 call this Conway MacKenzie work product.

17 A. Yes.

18 Q. Now, if I took everything above that and drew a box
19 around it, what we're going to call the City's typical
20 operations and expenses.

21 A. Yes.

22 Q. I could call that Ernst & Young work product.

23 A. That's correct.

24 Q. Okay. Just so we're tracking here --

25 A. There's just one clarification that I would make. As
237: 1 you established earlier, I have been heavily involved
2 in pensions, and there is a line item on page 91 which
3 relates to pension contributions. You can draw a box
4 around that as well and that is a Conway MacKenzie
5 work product.

6 Q. Okay. Thank you for that clarification. That's
7 important. I see, because is that the one thing where
8 you, instead of just looking at how the City operates

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

9 now, which was, it's a forecast based on historical
10 activity, was that one line item where you were like
11 no, we're going to put in what we actually think to
12 that space?

13 A. Yes.

14 Q. Okay.

15 A. And OPEB is essentially the same way.

16 Q. Okay. Okay. That's a helpful --

17 A. If I can clarify, OPEB really is the same way it's
18 always been in that it's funded as expenses are
19 incurred.

20 Q. That's very helpful though because I know that there's
21 a significant disagreement between the City and the,
22 some of the retirement funds about what the amount of
23 the pension contributions need to be and so on and so
24 forth, so that could have a big impact if you did
25 business as usual or the, you know, new City's view?

238: 1 A. Yes.

2 Q. And you're saying the new City's view is in that line
3 item?

4 A. That's correct.

Pg: 238 Ln: 5 - Pg: 242 Ln: 12

Designation:

238: 5 Q. So let's go back to this. When Ernst & Young is
6 looking at revenues, it's projecting the revenues, is

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

7 it taking into account the reinvestment initiatives
8 and their impact on revenue, or are you doing that
9 separate from them?

10 A. No, they are doing that.

11 Q. So when they look at 2023, and they project total
12 revenues of a billion 45, do you see that?

13 A. Yes.

14 Q. They are saying I know that this involves making a
15 sizeable investment in the City, capital reinvestment
16 and restructuring, and even with that this is what we
17 project?

18 A. Yes.

19 Q. Now, I note that that number ten years from now is
20 actually lower than the one that's projected for 2014,
21 is that correct?

22 A. Yes.

23 Q. I am assuming, tell me if you know, do these use what
24 I would call real-time dollars or are they present
25 valued in the sense that in 2023 we'll, is the
239: 1 projection that a billion 45 will show up in total
2 revenues that year or is the person saying it will be
3 a different number ten years from now but what it
4 would be worth today is a billion 45?

5 A. My understanding is that these are nominal dollars,
6 not real dollars, nominal meaning this is the amount
7 of cash that will show up in that year.

8 Q. That's what I thought it was.

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

9 A. Yes.

10 Q. But you know with the notion of inflation and the time
11 value of money that a billion 45 ten years from now is
12 worth less than a billion 45 today.

13 A. Presumably, if trends continue.

14 Q. Yeah, we hope. The -- and this is with all of the
15 anticipated improvements and things, for example, like
16 income tax collections and real estate collections and
17 so on and so forth.

18 A. Actually, those operating items, the revenue
19 initiatives are down here in this, I don't know if
20 it's just because this is a Conway MacKenzie work
21 product, as you said, but the, on the bottom of page
22 91, the first line item under reinvestment in the
23 city, the 240, approximately \$245 million, these are
24 those specific revenue initiatives of collecting past
25 due receivables, improving how we process revenue.

240: 1 Q. Okay. So just as a methodological matter, you guys
2 considered that concept separately and netted it out
3 against the restructuring and reinvestment initiatives
4 and presented it that way.

5 A. Yes, because it's not changing the size of the pie, if
6 you will, or not getting at the size of the pie which
7 is the revenue, but it's how efficient the City, or
8 how effective it is in performing its duties, in terms
9 of making sure that it's collecting X percent and
10 going after past due receivables.

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

11 Q. So just so I can understand this, if you just look at
12 what we'll call the Steady State City, which is not
13 quite right but it's the cost of operating the City
14 without considering the reinvestment initiatives in
15 2014 and beyond. Okay?

16 A. Yes.

17 Q. If you look at that number, what it says is that the
18 City would run a deficit of \$190.5 million this
19 upcoming year if nothing else changed. Do you see
20 that?

21 A. Yes, total surplus deficit 190.5, yeah. I think that
22 I can't speak for Ernst & Young, but these revenue
23 numbers do take into account this reinvestment.

24 Q. Yes.

25 A. Where a scenario if the reinvestment did not happen,
241: 1 what would the revenue be in these years and therefore
2 what would the surplus or deficit be? I don't think
3 that this schedule answers that question.

4 Q. Understood. Okay. Thank you. That's a helpful note.
5 Now, when you add on the net effect of the
6 anticipated reinvestment, the adjusted deficit
7 increases to \$379 million, is that right?

8 A. Yes.

9 Q. Now, if you flip over to page 97, now you've got the
10 restructuring scenario, do you see that?

11 A. Yes.

12 Q. Okay. So this is the one that we talked about as

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

13 being the third step so to speak?

14 A. Yes.

15 Q. This backed out the legacy liabilities, correct?

16 A. It treated them down below, yes.

17 Q. I'm sorry, in stages it backed them out. I'll get to
18 them in a second on page 98.

19 A. Yes.

20 Q. It kept all the other numbers the same.

21 A. Yes.

22 Q. Then on page 98 it deducted out the secured claims on
23 an annual basis, correct?

24 A. Yes.

25 Q. And what is left is funds available for unsecured
242: 1 claims, correct?

2 A. Yes.

3 Q. And so if I'm reading this correctly, if the
4 reinvestment initiatives are undertaken and secured
5 claims are paid in full as they must be, this
6 anticipates that there would be \$30 million in 2014
7 for unsecured claims.

8 A. Fiscal year 2014, yes.

9 Q. Fiscal year 2014. And that number then grows later,
10 as you go over time, and if you sum all of them, it's
11 approximately \$803 million, is that right?

12 A. Yes.

Pg: 243 Ln: 10 - Pg: 244 Ln: 20

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Designation:

243:10 Q. This operational restructuring summary dated
11 November 11, 2013, do you have that in front of you?
12 A. Yes.
13 Q. Just so you know, Mr. Moore, I have combined it with a
14 document that related to the next day's presentation
15 on November 12th.
16 A. I see that.
17 Q. Is it true that Conway MacKenzie prepared these two
18 documents?
19 A. Yes.
20 Q. And these were provided to update the financial
21 advisors of the various creditors on the status of
22 matters as they stood November 11, 2013.
23 A. As it relates to the operational restructuring, yes.
24 Q. Correct. Was this also an effort to attempt to give
25 the financial advisors more detail about the specific
244: 1 findings and problems, risks and opportunities
2 associated with all of the various or many of the
3 various departments of the City?
4 A. Not necessarily. We had conducted a significant
5 number of due diligence sessions with various
6 financial advisors back starting in June of 2013, and
7 information on the departments was presented to the
8 financial advisors. Unfortunately, new financial
9 advisors became involved at various points, some as

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

10 recently as within the last month.

11 What this -- two of the objectives in
12 preparing these documents was to put in one place
13 information that some people had already heard, but to
14 level set with all of the financial advisors on a
15 significant amount of information related to the
16 operational restructuring.

17 In addition to that, we provided visibility
18 to what we had verbally discussed in the past in terms
19 of what are some of the risks and opportunities that
20 exist within the plan.

Pg: 245 Ln: 23 - Pg: 247 Ln: 23

Designation:

245:23 Q. Do you know what other written work product is out
24 there that I could stack up next to all these things
25 and show, you know, this is what the creditors have
246: 1 been given when it comes to understanding what Conway
2 MacKenzie is seeing?

3 A. A document that is -- has been used in due diligence
4 meetings going back to June is all of the supporting
5 schedules related to the restructuring and
6 reinvestment amounts, so all of the underlying
7 details, this number of trucks, this truck on this
8 year, this facility improved by this amount this year,
9 so all of the underlying detail has been available to

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

10 people in the data room going back to the end of June.

11 Q. In terms of how the money would be spent.

12 A. Yes.

13 Q. The reinvestment initiatives.

14 A. Yes.

15 Q. Okay. What I'm particularly interested in though are

16 more of your analytics in terms of Conway MacKenzie

17 people saying things like our response times are not

18 good enough, we need more police cars, we need more

19 fire trucks, et cetera, I'm talking about analysis of

20 the problem.

21 A. Yeah, I don't know everything that's out in the data

22 room, but as we discussed earlier, I think there are

23 departmental documents that are in the data room.

24 In addition to that, in the due diligence

25 sessions that we undertook, typically there would be

247: 1 conversation around those types of things as we used

2 the schedules as our roadmap.

3 Q. People would ask you questions about why do you think

4 you need this and then you would say orally here's

5 what we're finding and here's why we think this will

6 help?

7 A. Yeah, or we have notes in those schedules as well in

8 terms of this is what this relates to.

9 Q. From where I sit, based on what I know, this November

10 document from the November 11th and 12 presentation is

11 the most detailed when it comes to revealing your

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

12 analytics and findings, do you agree with that?

13 A. In terms of putting it all in one place, I think

14 that's probably a fair statement.

15 Q. So there may be other documents that have a similar

16 level of detail about one department or another but

17 this has been both the most comprehensive and the most

18 detailed of all the documents that are out there.

19 A. Yeah. I'm not sure that there's necessarily any new

20 information in the documents from November 11th and

21 12th as compared to what was discussed in due

22 diligence sessions from late June all the way until

23 November.

Pg: 248 Ln: 14 - Pg: 250 Ln: 2

Designation:

248:14 Q. Maybe you can help me with this document, Mr. Moore.

15 I'm trying to find what I understood to be the

16 re-creation of this concept.

17 A. Okay.

18 Q. But with the deferral baked into it to take into

19 account the intervening bankruptcy filing.

20 A. Okay. If you take a look at page 14.

21 Q. Yeah.

22 A. This is the 10-year forecast that we talked about

23 before. This is going out through 2023.

24 Q. So is it literally that everything is just the same

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

25 with the exception of the lumpiness caused by the fact
249: 1 that the previously anticipated reinvestment
2 initiatives that were supposed to take place in the
3 second half of 2013 got pushed into 2014?
4 A. Yes. So if you take a look at now page 17.
5 Q. Yeah.
6 A. This is the post petition financing plan. So this
7 says, okay, as a result of the bankruptcy and our
8 desire to pursue post petition financing, here's --
9 here are updates for '14, '15, '16 and '17. I don't
10 know if everything is caught up to the dollar by the
11 end of fiscal year '17, but for the most part all of
12 the timing comes through during this, by this time.
13 And then what we did, if I recall
14 correctly, let me just turn to a particular
15 department, if you look at, the first one I think is
16 the Department of Transportation, page 23 has that
17 same forecast specifically for the Department of
18 Transportation, page 24 is the layering on of
19 restructuring and reinvestment items, and then page 25
20 shows the variance in terms of when we talk about the
21 deferred restructuring and reinvestment, we're talking
22 about the post petition financing forecast.
23 Q. Yeah. And just so I can say it in words that my
24 lizard brain can understand, that's like a department
25 by department sub view of the reinvestment initiatives
250: 1 in the aggregate.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

2 A. Yes.

Pg: 250 Ln: 3 - Pg: 251 Ln: 12

Designation:

250: 3 Q. Can you go back to page 17 of the November document
4 that you were just showing to me.

5 A. This is Exhibit 7?

6 Q. Yes, sir. Do you see that fiscal year 2014 with two
7 actual, and 10 forecasted, the total operating
8 receipts there is a billion six, do you see that?

9 A. Yes.

10 Q. Can you help me understand that number compared to the
11 total revenues forecast in the proposal to creditors
12 on page 97, the other document?

13 MR. HAMILTON: Exhibit 3?

14 MR. HACKNEY: Yes, sir.

15 A. There are two elements. The first one you see the
16 last line item in the revenue section is financing
17 proceeds, so that's the post petition financing.

18 BY MR. HACKNEY:

19 Q. That's the Quality of Life note.

20 A. This is listed as 140 million. Obviously that number
21 changes all the time. The other item is, that I
22 believe it's under other receipts, there are some
23 items that are pass-through type of items, and so in
24 this regard, if we go back to the other receipts here,

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

25 the 342.9, there's amount, there's an amount in there,
251: 1 I believe that that is the distribution to tax
2 authorities down below of 253.
3 So if you net those out, then you should
4 have the same numbers, the same to the extent that you
5 have two months' of actual in here now.
6 Q. Right. Okay. So the delta was approximately 540
7 million and you identified 140 plus 250?
8 A. Yeah. And I would have to look at that variance
9 analysis specifically, but clearly one of the items in
10 terms of how this was approached is that certain items
11 that are pass-through were shown both on the income
12 and the expense line item.

Pg: 251 Ln: 24 - Pg: 252 Ln: 23

Designation:

251:24 Q. You served on the legislative commission on government
25 efficiency, isn't that correct?
252: 1 A. Yes.
2 Q. And isn't it true that the legislative commission was
3 asked to consider almost all aspects of the State of
4 Michigan's operations?
5 A. Yes.
6 Q. Although the operations it was considering ultimately
7 only involved approximately 1.6 of the State's budget,
8 1.6 percent of the State's budget, is that correct?

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 9 A. It depends on how you define the budget. A
10 substantial portion of the State's budget is federal
11 funds that are essentially pass-through; so when you
12 look at it from the standpoint of what the State's
13 true general fund is, we looked at a pretty good
14 portion of that.
- 15 Q. And that was also a significant undertaking, isn't
16 that correct?
- 17 A. Depends on how you define significant.
- 18 Q. Let's define it by reference to the undertaking, the
19 work you did for the City.
- 20 A. It pales in comparison to the work that I've done with
21 the City.
- 22 Q. Because it was far less?
- 23 A. Yes.

Pg: 252 Ln: 24 - Pg: 254 Ln: 20

Designation:

- 252:24 Q. The commission ultimately generates a report, isn't
25 that correct?
- 253: 1 A. Yes.
- 2 Q. And the recommendations in the report represent the
3 unanimous opinion of the committee except where
4 commissioners dissented, correct?
- 5 A. That's correct.
- 6 Q. And you did not dissent, isn't that right?

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

7 A. That's correct.

8 Q. Now, the commission received support from subject
9 matter experts in the House and Senate fiscal
10 agencies, isn't that correct?

11 A. Yes.

12 Q. It also had resources, resource persons from the
13 legislative service branch, is that right?

14 A. Yes.

15 Q. Also had assistance from the executive branch, isn't
16 that correct?

17 A. Yes.

18 Q. And it relied on outside experts in the course of
19 performing its work, isn't that correct?

20 A. Yes.

21 Q. And ultimately the commission took approximately 18
22 months to complete its work and deliver a final
23 report, is that right?

24 A. 18 to 20 months or thereabouts.

25 Q. The -- one of the things the commission noted was that
254: 1 the State of Michigan's problems were largely
2 structural driven primarily by the changing nature of
3 Michigan's population, including shrinking population,
4 aging population and shifting population in terms of
5 where they reside, do you remember that?

6 A. I do.

7 Q. Those problems are similar to the problems suffered by
8 the city of Detroit, isn't that correct?

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 9 A. Certainly some of them.
- 10 Q. Shrinking population and aging population are two of
- 11 the ones that are similar, correct?
- 12 A. Not sure about aging, but certainly shrinking.
- 13 Q. The legislative commission's report also went on to
- 14 say that the State's problems were driven by job
- 15 losses particularly in the manufacturing sector,
- 16 correct?
- 17 A. Yes.
- 18 Q. Manufacturing job losses has also hit Detroit hard,
- 19 correct?
- 20 A. Yes.

Pg: 254 Ln: 21 - Pg: 255 Ln: 8

Designation:

- 254:21 Q. We won't go through that entire document just to save
- 22 the time so I can pass the baton here, but I do want
- 23 to note that the commission came up with a number of
- 24 different recommendations, isn't that correct?
- 25 A. Yes.
- 255: 1 Q. Many of those recommendations were for further studies
- 2 to be undertaken, isn't that correct?
- 3 A. Yes.
- 4 Q. The commission itself was not able to conduct the
- 5 further studies it recommended taking otherwise it
- 6 would have revealed the reports of those studies in

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

7 its report, correct?

8 A. Correct.

Pg: 255 Ln: 9 - 24

Designation:

255: 9 Q. Let me go back and ask you about some of the efforts
10 you're undertaking now. Isn't it true that the City's
11 trying to employ strategies that may allow it to
12 achieve additional collections of \$32 million in
13 income tax receivables?

14 A. Approximately \$42 million actually of income tax
15 receivables have been bid out to be collected.

16 Q. When is it hoped that they will be collected? Oh I
17 see, are you selling it to people so you get the money
18 now and they get whatever they can recover?

19 A. We are contracting with an outside party that will be
20 paid on a contingent basis based on a portion of what
21 they collect.

22 Q. When's it anticipated that that money might come in?

23 A. Well, certainly we hope to get some of that this year
24 and I think it's into the next fiscal year as well.

Pg: 256 Ln: 15 - Pg: 258 Ln: 25

Designation:

256:15 Q. Don't the restructuring and reinvestment initiatives

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

16 involve a number of actions that will affect the
17 City's assets over the next year?

18 A. It may affect some of the assets over the next year,
19 yes.

20 Q. Assets could be sold, correct?

21 A. I'm not sure about that.

22 Q. Assets could be abandoned, correct?

23 A. Which assets would you be referring to?

24 Q. IT assets of the City if it no longer decides to use
25 the Dreams program?

257: 1 A. Well, abandoning an application, I'm not sure if
2 that's necessarily what I think of when I hear the
3 word "abandon."

4 Q. Isn't it possible that the City will likely close and
5 sell fire stations?

6 A. The City has actually already undertaken that process.
7 I don't know if any additional activities will occur
8 in that regard.

9 Q. And it will hopefully, it will hopefully close and
10 sell police stations?

11 A. I'm not sure if that will happen actually.

12 Q. It will sell off old fleet vehicles?

13 A. Possibly, if there's any value at all.

14 Q. The restructuring and reinvestment initiatives may
15 also involve outsourcing functions like income tax,
16 accounting, risk management and Workers' Comp, is that
17 correct?

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

18 A. Those are possible activities; however, they have not
19 been built into the restructuring and reinvestment
20 plan.

21 Q. The City's considering as part of the restructuring
22 and reinvestment initiatives outsourcing fleet
23 maintenance, facilities maintenance, grounds
24 maintenance, custodial and forestry, is that correct?

25 A. Yes, well, those are specific RFPs that have been
258: 1 issued, and/or will be issued very shortly, and
2 depending on what the results are of that process, we
3 may outsource those activities.

4 Q. These things are presently being done by the City but
5 by definition of the word outsourcing would instead be
6 done by private contractors?

7 A. Yes.

8 Q. You're considering as part of the restructuring and
9 reinvestment initiatives outsourcing data center
10 backup, correct?

11 A. That's possible.

12 Q. As well as outsourcing various IT functions for
13 different departments, correct?

14 A. Again, those are just possibilities.

15 Q. And those are things that may happen in the next year?

16 A. It's unclear if they'll happen in the next year or
17 not. There's not a specific process in place. Those
18 are items that have been identified that we would like
19 to look at; however, they are not the highest

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

20 priorities.

21 Q. They are all things that impact operational
22 restructuring or could.

23 A. Could.

24 Q. And they are all being presently considered, correct?

25 A. Yes.

Pg: 259 Ln: 1 - 3

Designation:

259: 1 Q. Isn't one of the key challenges for the City of
2 Detroit its large geographical size?

3 A. It is a challenge, yes.

Pg: 259 Ln: 15 - Pg: 260 Ln: 6

Designation:

259:15 Q. Isn't part of the problem the City's out approximately
16 139 square miles, is that right?

17 A. It is.

18 Q. Isn't part of the current problem that Detroit faces
19 is that it's a city that was built for 2.2 million
20 people and now has just 684,000.

21 A. Well, built meaning it has the physical geographic
22 size to accommodate 2.2 million?

23 Q. Yes.

24 A. Well, you can fit a lot more than 2.2 million people

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

25 in that size.

260: 1 Q. Sure. I guess what I was saying is, its size makes
2 more sense the more people that are living here.

3 A. It has a certain, there's a certain cost with,
4 associated with servicing 139 square miles, and the
5 more revenue that you can get to help accommodate that
6 cost, the better you are.

Pg: 260 Ln: 7 - 17

Designation:

260: 7 Q. Now, the reinvestment initiatives that we've been
8 discussing today assume that there will be no decrease
9 in the geographic size of the city, isn't that
10 correct?

11 A. Correct.

12 Q. There will be no effort made to reduce the city's
13 geographical footprint to match its population
14 footprint, correct?

15 A. Correct, there's no, to be specific, there is nothing
16 in the plan that involves changing the city's
17 boundaries.

Pg: 260 Ln: 18 - Pg: 261 Ln: 2

Designation:

260:18 Q. It's fair to say that your review of the Police

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

19 Department proceeded from the understanding that it
20 needed to be able to police a 139-square mile city,
21 correct?

22 A. Or someone needed to be able to service a 139-square
23 mile area.

24 Q. Whether it was the police or private contractors.

25 A. Or some other jurisdiction.

261: 1 Q. Same concept for fire.

2 A. Yes.

Pg: 261 Ln: 3 - 15

Designation:

261: 3 Q. Now, isn't it true that substantial work needs to be
4 done with respect to the City plan for the future City
5 of Detroit?

6 A. The Detroit Future Study is really a multi-decade
7 study. It's a vision. That is not something that
8 will be achieved within this 10-year horizon or even
9 perhaps the next ten years.

10 Q. The Detroit Future City Plan has not yet been
11 codified, isn't that correct?

12 A. I'm not sure that there is a, that it ever will be
13 codified.

14 Q. It hasn't today though.

15 A. Not that I'm aware of.

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

Pg: 262 Ln: 15 - Pg: 263 Ln: 13

Designation:

262:15 Q. So let me take a step back, I really need to hand the
16 baton, but you agree that future city planning is an
17 important aspect of City development, correct?

18 A. Absolutely.

19 Q. And there are problems currently with the way the City
20 planning exists in the City of Detroit?

21 A. Yes.

22 Q. Examples of those problems are, number one, that the
23 Detroit Future City Plan has not yet been codified?

24 A. Yes.

25 Q. And it has a lot of good ideas, so it would be a good
263: 1 idea to codify them.

2 A. Yes.

3 Q. In the process, you could align the City's master plan
4 with that Detroit Future City Plan, correct?

5 A. Yes.

6 Q. And you would also still need to align zoning
7 ordinances and rewrite them in a way that would then
8 enable implementation of that new master plan,
9 correct?

10 A. Yes.

11 Q. Aligning these plans will better allow for the future
12 development of the City.

13 A. Yes.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 264 Ln: 8 - Pg: 268 Ln: 8

Designation:

264: 8 Q. Mr. Moore, have you seen what's been marked as Moore 9
9 before?

10 A. Yes.

11 Q. I see on the first page that E & Y is claiming
12 ownership of this, did Conway MacKenzie participate in
13 its preparation?

14 A. We provided information to Ernst & Young that they
15 used to compile this.

16 Q. Okay. Do you know, was this liquidity, well, call it
17 cash flow forecast, was this provided to your
18 knowledge to prospective lenders for the debt?

19 A. I don't know.

20 Q. Do you see in the top right-hand side there's a date
21 9-10-13?

22 A. Yes.

23 Q. Have you seen a version of this document dated later
24 than 9-10-13?

25 A. The dates on documents are sometimes somewhat
265: 1 confusing. What this represents is the last version
2 of this cash forecast that I recall.

3 Q. Okay. So whatever its date is, you're not aware of a
4 more recent one.

5 A. That's correct.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

6 Q. If you could turn to the second page, at the top it
7 says cash bridge, funds available for unsecured claims
8 per creditor proposal versus DIP financing scenario,
9 do you see that?

10 A. Yes.

11 Q. Am I correct in understanding creditor proposal here
12 to refer to the June 14th creditor proposal?

13 A. Yes.

14 Q. If you know, I'm looking at the top line which says
15 funds available for unsecured claims per creditor
16 proposal, are those numbers across the top, 30 million
17 for 2014, 31 for 2015, et cetera, are those funds that
18 would have been available under the original creditor
19 proposal for distribution to creditors under the \$3
20 billion note or bond?

21 A. Those are two separate items. So the, in the creditor
22 proposal there's the 10-year projection and that shows
23 a net amount available to, or for unsecured claims,
24 and the total over the 10 years is \$803 million.

25 The \$2 billion note, payments of principal
266: 1 on that note were from the three sources that I
2 indicated before.

3 Q. Right.

4 A. To the extent that there's interest paid on that note,
5 that possibly could come from here.

6 Q. All right. So these, the top line represents general
7 fund amounts that would have been available for

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

8 payment to creditors under the June 14th proposal?

9 A. Yes.

10 Q. Dropping down to, well, let me ask another question

11 before we get to the bottom. One of the line items

12 here is refunding bond proceeds drawn from escrow, do

13 you know what that is?

14 A. Yes, the City refinanced, actually obtained financing

15 I believe in August of 2012. Part of that financing,

16 part of those proceeds were used to refinance other

17 debt and there was a net amount that the City

18 received.

19 The State of Michigan has been holding on

20 to a portion of those proceeds. This assumes that \$20

21 million of the amounts that are still being held by

22 the State are received by the City.

23 Q. And what is the total amount being held by the State

24 in this refunding bond proceeds escrow account?

25 A. I believe right now there's \$80 million still being

267: 1 held by the State.

2 Q. And do you know what the conditions are to release of

3 the funds from that escrow?

4 A. I don't.

5 Q. So you don't know what the prospects are for the City

6 meeting those conditions to get release of \$20 million

7 in 2014?

8 A. I don't.

9 Q. The next line on here, not the next, next line I'm

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

10 going to ask you about is net cash flow for per DIP
11 financing scenario. Is that line supposed to
12 represent what happens to funds available for
13 unsecured claims if the DIP financing is obtained on
14 the terms presently contemplated?

15 In other words, just look at fiscal 2014,
16 it shows \$30 million available for unsecured claims
17 under the June 14th proposal.

18 A. Yes.

19 Q. We drop down to net cash flow per DIP financing
20 scenario and that 30 million, has that 30 million now
21 become 87.6 million?

22 A. I think that's a fair statement.

23 Q. And then in 2015, the 31 million positive has become a
24 deficit of 62.9 million, am I reading that correctly?

25 A. I think that's correct.

268: 1 Q. And then it's roughly the same and then drops again in
2 2017 below what was there. Do you know, have you seen
3 anything that runs this analysis out past 2017?

4 A. No.

5 Q. So you don't know at what point, if ever, the DIP
6 financing scenario, other than the first year, shows
7 an improvement of funds available for unsecured
8 claims.

Pg: 268 Ln: 11 - Pg: 270 Ln: 12

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Designation:

268:11 A. There have been various scenario analyses that take
12 into account what risks and opportunities may be
13 present. As an example, a big risk is lower property
14 tax collections.

15 Some of those scenarios that I've looked at
16 do go out beyond 10 years. I'm not aware of a cash
17 forecast that related to the post petition financing
18 that goes out beyond fiscal year 2017.

19 BY MR. MARRIOTT:

20 Q. So as far as you know, a comparison of funds available
21 for unsecured claims under the June 14th proposal to
22 funds available for unsecured creditors under the DIP
23 financing scenario has not been done out past 2017, or
24 at least you haven't seen it?

25 A. Yeah, except for as I indicated, there are scenario
269: 1 analyses that have been undertaken that go beyond 2017
2 taking into account various risks and opportunities,
3 nothing that has been completed though.

4 Q. Further down the same page there's a block of numbers
5 under the heading Memo 1, reinvestment timing change,
6 do you see that?

7 A. Yes.

8 Q. And then is that what you and Mr. Hackney have
9 previously addressed, when we say reinvestment timing
10 change here, are we talking about the roll forward
11 that's been necessitated since the originally

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

12 contemplated commencement of reinvestment?

13 A. Yes.

14 Q. And am I reading this correctly to say that that roll
15 forward produces additional positive cash flow in 2014
16 because expenditures you had expected to make in
17 fiscal year 2014 in fact won't be made until later?

18 A. Yes.

19 Q. Memo 2 is DIP financing related activity and it makes
20 certain assumptions regarding interest rate on the DIP
21 and the like. Do you know whether any sensitivity
22 analysis was performed on this analysis for varying
23 interest rates that might be payable under the DIP?

24 A. Not that I'm aware of.

25 Q. So you haven't seen a version of this that assumes an
270: 1 interest rate of 6.5 percent or a version that assumes
2 3 percent or something else?

3 A. Well, in the scenario analyses that I was just
4 referring to, I have seen something get modeled at 6
5 and a half percent, and even up to 8 percent, or 8 and
6 a half percent as well, which is under a default
7 scenario, but these are just scenario analyses.

8 Q. Who's prepared these scenario analyses that you've
9 looked at?

10 A. Ernst & Young.

11 Q. And have they been placed in the data room?

12 A. No, these analyses have not been finalized.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 272 Ln: 1 - Pg: 273 Ln: 11

Designation:

272: 1 Q. All right. This is reinvestment adjustments detail,
2 do you see that Appendix B?

3 A. Yes.

4 Q. Were these numbers that comprise this detail, were
5 they provided by Conway MacKenzie?

6 A. Yes.

7 Q. If you would turn to the last page of that appendix,
8 which is Bates 200067, and at the very bottom there's
9 a net impact of reinvestment line which shows an
10 impact on cash flow for each -- a negative impact on
11 cash flow for each of 2014, 2015, '16 and '17, do you
12 see that?

13 A. Yes.

14 Q. Is this negative impact based upon implementation of
15 only the Quality of Life note proceeds or are you
16 assuming in this net impact of reinvestment that
17 you're also doing the other components of the 1.25
18 billion that you had planned for those years?

19 A. It's the latter; so this is incorporating all of the
20 restructuring and reinvestment in those years, not
21 just \$120 million worth. So the forecast contemplates
22 that we will spend \$151 million net, I'll use the
23 restructuring disbursements, that's probably an easier
24 way, rather than netting out the restructuring

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

25 receipts.

273: 1 So \$170 million in fiscal year '14; \$232
2 million in fiscal year '15; 175 million in '16; and
3 189 million in '17.

4 Q. That's what I thought but I wanted to be sure.

5 Why don't we go to what was already put in
6 as Moore 8, which is a document captioned City of
7 Detroit Restructuring Priorities. Is this a document
8 that was prepared by Conway MacKenzie?

9 A. In looking at this, the summary bullets that appear
10 midway through the document, that is a Conway
11 MacKenzie document. The first -- so Bate stamp 906.

Pg: 275 Ln: 16 - Pg: 277 Ln: 2

Designation:

275:16 Q. So let me start over. Looking at the first four pages
17 and the priorities listed there and the associated
18 estimated cost, do you see that each of the boxes has
19 a list of priorities and a list of estimated costs?

20 A. Yes.

21 Q. Although some of them are TBD and some are not
22 applicable. Do you know whether these priorities and
23 their estimated costs were used in connection with
24 sizing the Quality of Life note?

25 A. I don't know if they were used.

276: 1 Q. For that purpose.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

2 A. Correct.

3 Q. If you could turn to page three of the first four
4 pages, Finance Department, one of the priorities is to
5 select and implement an ERP system, do you see that?

6 A. Yes.

7 Q. And an estimated cost there of, if I'm reading this
8 document correctly, 30 to \$50 million.

9 A. Yes.

10 Q. If you would then turn to the fourth page, very bottom
11 box, Department of Information Technology Services,
12 the bottom priority there is implement a city-wide IT
13 system.

14 Now, shows a target completion of
15 April 2013. I'm assuming that's a typo and it was
16 April 2014. Am I correct in that assumption do you
17 know?

18 A. Yes, that's right, that would be a typo.

19 Q. And it shows an estimated cost again of 30 to \$50
20 million, do you see that?

21 A. Yes.

22 Q. Now, is that an additional 30 to 50 million or is the
23 30 to 50 million estimate for an aggregate one for
24 both ERP and city-wide IT?

25 A. Those are one in the same.

277: 1 Q. So the aggregate is 30 to 50 million.

2 A. Yes. IT, the ITS division is part of finance.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 277 Ln: 12 - Pg: 278 Ln: 11

Designation:

277:12 Q. All right. Mr. Moore, do you recognize what's been
13 marked as Moore 10?
14 A. Yes.
15 Q. Says key operational updates as of September 24th, is
16 this a document that was prepared by Conway MacKenzie?
17 A. Yes.
18 Q. For whom is this document created?
19 A. This is a document that I would have prepared to
20 review with Kevyn Orr.
21 Q. And is this the only one of its kind or is it one of a
22 series?
23 A. There are various forms that I have used in my
24 communications with Mr. Orr. Generally they follow
25 these types of items, in terms of identifying
278: 1 immediate term action items, as well as upcoming, key
2 recent and upcoming activities.
3 Q. Is there a version of this document more recent than
4 September 24th, 2013?
5 A. I have provided updates to the EM office since this
6 time, yes.
7 Q. Do you know what the date of the most recent one is?
8 A. I had a meeting with the EM office on Monday of this
9 week.
10 Q. So that would be December 2nd?

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

11 A. Correct.

Pg: 278 Ln: 21 - Pg: 279 Ln: 22

Designation:

278:21 Q. You say here, I'm looking at the police at the top,
22 for example, no immediate term action items required.
23 Do you see that?

24 A. Yes.

25 Q. When you used the term, the phrase "immediate term,"
279: 1 what is the time frame you intend to cover? In other
2 words, when you say no immediate term action items
3 required, what is the horizon that that covers?

4 A. At that meeting.

5 Q. In other words, what you're saying is there is nothing
6 that Mr. Orr needs to do as a result of that meeting
7 with respect to police?

8 A. Yes. There are times, I'll give you an example.
9 Under fire, and the first item under finance, these
10 are items that I have in my hand, Mr. Orr, I recommend
11 these items happen now.

12 The second item under finance I was
13 providing a bit of an update, which is during this
14 current week, it doesn't exist in my hand today, but
15 this week we will be recommending that you approve the
16 phase two assessing project of Plante Moran.

17 Q. Okay.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

18 A. So we are talking very immediate.
19 Q. So in other words, what you're really saying here with
20 the police is, Mr. Orr, there's nothing I need you to
21 do today.
22 A. Correct.

Pg: 279 Ln: 23 - Pg: 282 Ln: 18

Designation:

279:23 Q. Okay. If you could just flip to the bottom of 11729,
24 carrying over to the top, vital records entry.
25 A. Yes.
280: 1 Q. Next page says no immediate action items but October 1
2 transition date if jeopardy if Wayne County does not
3 sign IGA. What's that about?
4 A. First of all, an IGA is an intergovernmental
5 agreement.
6 Q. That's helpful.
7 A. One of the items that we identified as an operational
8 improvement involved the City getting out of the vital
9 records business. This is -- it's redundant with an
10 activity that Wayne County already undertakes.
11 Wayne County does the exact same thing and
12 they charge a lower cost. People use the Wayne County
13 service; so getting out of this business completely
14 save -- would save the City money.
15 We negotiated the intergovernmental

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

16 agreement with Wayne County and everything was all set
17 and we were to begin a transition on October 1st;
18 however, as of this date we still had not received the
19 signed IGA from Wayne County, and I wanted to make him
20 aware of that.

21 And as a result of that, there was
22 follow-up by Mr. Orr's office in terms of
23 understanding specifically where the IGA sat with the
24 county commissioners.

25 Q. Have you ever met with City Council or its
281: 1 representatives to discuss your restructuring
2 initiatives?

3 A. Yes.

4 Q. How many times?

5 A. Prior to Gary Brown being appointed chief operating
6 officer, Gary had been on City Council previously, now
7 I interact with Mr. Brown almost daily, but prior to
8 him taking that role, I would say, between my team and
9 me, maybe three times.

10 Q. And what was the most recent?

11 A. Perhaps in May.

12 Q. In May.

13 A. Yes.

14 Q. So you have not met with City Council, well, neither
15 you nor your team have met with City Council or its
16 representatives to discuss the restructuring
17 initiatives since the bankruptcy case was filed, is

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

18 that correct?

19 A. One of my partners has had some interaction with the
20 president of City Council, Saunteel Jenkins, that's
21 Van Conway, and that's been as recent as I think in
22 October, but in terms of sitting down and reviewing
23 restructuring initiatives, I don't think that there
24 have been any meetings since approximately May.

25 Q. What was the topic of the most, the October meeting
282: 1 you just mentioned, do you know?

2 A. They were actually talking about potentially having
3 some more communication between City Council and
4 Conway MacKenzie.

5 Q. Is it your intention to seek City Council formal
6 approval of any of the restructuring initiatives you
7 contemplate?

8 A. That's not up to me, I leave that to Mr. Orr, and if
9 Mr. Orr would like for me or anyone from my firm to
10 present to City Council, then we certainly would do
11 that.

12 Q. And then one more question and then I'll let you go,
13 Mr. Hackney was comprehensive.

14 I take it since you really haven't met in
15 any sort of formal fashion with City Council since
16 May, that Conway MacKenzie did not participate in any
17 presentation to City Council regarding the DIP loan?

18 A. Correct, that's right.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 286 Ln: 23 - Pg: 287 Ln: 8

Designation:

286:23 Q. Well, are you saying that all of the DIP proceeds will
24 in fact be used for the reinvestment initiative or
25 reinvestment and restructuring initiatives?

287: 1 A. We just have not presented it that way; so again, the
2 cash comes in and then the cash goes out. There is
3 just not a presentation that is used specifically for
4 that. I'm not aware of any restrictions that would
5 necessarily be in place in that regard, but certainly
6 there are more uses in terms of restructuring and
7 reinvestment than there is, than there are sources of
8 Quality of Life proceeds.

Pg: 288 Ln: 14 - Pg: 290 Ln: 6

Designation:

288:14 Q. Is it your opinion that all of the DIP proceeds are
15 essential to maintaining City services in the next
16 year or two years?

17 A. Yes.

18 Q. And what's the basis for that opinion?

19 A. The City as it's operating right now, it's incredibly
20 difficult for the City to perform the most basic
21 duties. The City is losing people on a daily basis;
22 the difficulty in performing those basic duties is

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

23 getting greater every day.

24 I hesitate to think what it would look like

25 if there was no restructuring and reinvestment

289: 1 spending for the next year, how poorly the services

2 would become, and potentially how much more expensive

3 it may be to fix given that additional deterioration.

4 Q. That addresses the issue of whether additional money

5 is needed. I don't think it addresses the issue of

6 where does that money come from. Why does it have --

7 why do you have to fund these, that you say are

8 essential expenditures, out of a DIP loan? Why can't

9 you fund it through sale of assets, for example?

10 A. My understanding, first of all, of your question was

11 that you were asking about whether it was necessary to

12 spend this money. I didn't take from your question

13 that you were asking whether it was necessary to get

14 DIP financing.

15 Q. Understand.

16 A. I am not aware of any other sources available right

17 now to fund these items.

18 Q. And have you looked at other sources yourself and your

19 company?

20 A. Conway MacKenzie is not involved specifically in the

21 evaluation of potential asset sales. We have provided

22 or performed a support role as it relates to one of

23 the primary items that has been publicly indicated

24 that may be considered for a transaction and that's

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

25 related to the Water and Sewer Department, but beyond
290: 1 that we are, we tend not to be involved in anything
2 else in that regard.
3 Q. Is there anybody else working for the City who is
4 involved in that?
5 A. Miller Buckfire has the primary task of evaluating the
6 potential asset, sales of assets.

Pg: 291 Ln: 11 - Pg: 292 Ln: 15

Designation:

291:11 Q. I'm not sure, but I believe there was a discussion
12 earlier about attrition. Do you know how many
13 employees have -- by how much the number of employees
14 in the City has decreased over the last year?
15 A. I look at those numbers all the time. Off the top of
16 my head, I can't recall the exact number.
17 Q. Well, I have a number that says 902, but I can't tell
18 you where it came from. Does that sound in the
19 ballpark?
20 A. That could be right.
21 Q. Does that produce a cash flow of savings to the City?
22 A. No, not necessarily. Actually, in many instances it's
23 a further drain on cash flow; so we have fewer heads,
24 that drives overtime and we pay more through overtime.
25 Some departments where not even six months
292: 1 through the fiscal year and they've exhausted their

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

2 entire budget for overtime at this point; so it's
3 actually a very inefficient use of dollars right now
4 because of that corresponding aspect, not to mention
5 several other inefficiencies that occur.

6 Q. Has there been some decrease nevertheless in the --
7 some savings nevertheless rather?

8 A. If you just measure the amount of money going out the
9 door for labor right now, as compared to what was
10 budgeted, yes, that amount is lower, but you have to
11 take into account those other expenses as well and I
12 have not done a thorough analysis on that. Certainly
13 could actually be more expensive though.

14 Q. Just don't know.

15 A. I don't know.

Pg: 293 Ln: 10 - 13

Designation:

293:10 Q. So in reality the City is not necessarily honoring the
11 separation of the DIP proceeds into Quality of Life on
12 the one hand or the swap termination proceeds on the
13 other?

Pg: 293 Ln: 15 - 18

Designation:

293:15 A. The Quality of Life loan proceeds are shown as coming

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

16 in. The swap settlement proceeds don't show as coming
17 in because those, as I understand it, will go directly
18 towards the settlement.

Pg: 293 Ln: 20 - 23

Designation:

293:20 Q. If that settlement does not occur and those other
21 additional funds come in in addition to the 120 for
22 the Quality of Life note, would that additional money
23 be dealt with in the same manner?

Pg: 294 Ln: 1

Designation:

294: 1 A. I don't know.

Pg: 294 Ln: 3 - 8

Designation:

294: 3 Q. Another question that was asked is have you met with
4 City Council relating to DIP and you said no, but have
5 you prepared any analysis on behalf of Conway
6 MacKenzie or the City for the City Council related to
7 the DIP?
8 A. No.

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 295 Ln: 4 - Pg: 298 Ln: 23

Designation:

295: 4 Q. Are the -- are you familiar with the document that I
5 just handed to you that's marked as Exhibit 11?
6 A. I have not seen this document.
7 Q. Did your involvement in the operational aspect of the
8 City's finances include delineating which reductions
9 will take place in those first six months of fiscal
10 year 2014?
11 A. Yes. The schedule that had been alluded to before,
12 which showed the comparison between what was in the
13 creditor proposal and what was in the post petition
14 financing forecast, the recommendations on the timing
15 changes were driven by Conway MacKenzie.
16 Q. Are any of the changes that you just talked about, any
17 of the reductions for fiscal year 2014, embodied in an
18 amendment to the 2014 budget that is set forth in the
19 document that I just handed to you?
20 A. No.
21 Q. So is this document a separate set of reductions to
22 the fiscal year 2014 budget?
23 A. Although I have not seen this document, based on my
24 quick glance, I am familiar with what I believe it was
25 intending to do, and that is, the City adopted a
296: 1 budget that was inconsistent with the creditor
2 proposal; so the budgeting department of the City

Objectors' Designations From December 4, 2013 Deposition of Charles Moore

3 begins its activities six months or more in advance of
4 when a fiscal year begins.

5 So the budget for fiscal year '14, which is
6 the one that we're in right now, that budget did not
7 match up with the creditor proposal. The intention of
8 this, as I understand it, is to bridge closer to the
9 creditor proposal.

10 So items were moved out of certain
11 budgetary accounts into a bucket, and then as
12 initiatives are undertaken, it will come from this
13 budget, or this bucket I should say, and moved into
14 the respective departments.

15 Q. If we look at the first page of the document, it
16 states that debt service appropriations for pension
17 obligation certificates and limited tax general
18 obligation debt for which principal and interest are
19 not being remitted during the Chapter 9 bankruptcy
20 filing are to be reallocated for general operational
21 restructuring purposes.

22 And then the next paragraph it talks about
23 the Budget Department requests that you amend the
24 City's fiscal year 2014 budget to shift \$95 million
25 from various appropriations in the general fund to the
297: 1 general restructuring account.

2 Do you see that portion?

3 A. Yes.

4 Q. Is that consistent with the explanation that you just

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

5 gave me or did I misunderstand your explanation?

6 Because they sound different to me.

7 A. It is consistent with my explanation or the answer
8 that I've previously given.

9 Q. At the bottom where it states reallocation amendments
10 from the restructuring account will also be required,
11 is that what you meant when you said they were going
12 to be moved to one bucket and then moved back later?

13 A. Yes.

14 Q. So on the second page, there's a long list of funds
15 that, as I understand this document, had
16 appropriations as part of the budget, and these
17 particular appropriations are actually being
18 decreased, so the money's being taken away, right?

19 A. Yes.

20 Q. And this includes appropriations for finance, the IT
21 Department, the fire department, the police
22 department, the Public Lighting Department, et cetera.

23 A. Specifically related to LTGO indebtedness and the
24 pension obligation certificates, so it's taking the
25 amounts that were appropriated for those two items
298: 1 from these various departments and moving it into a
2 restructuring bucket.

3 Q. So let me see if I understand your, how this relates
4 to the Quality of Life note.

5 Are any of the Quality of Life note
6 proceeds being used to basically fill the gap where

**Objectors' Designations From
December 4, 2013 Deposition of Charles Moore**

7 this \$95 million budget reduction was created for any
8 of these departments?

9 A. No. Just to be clear, when the appropriations have
10 been decreased, they have been decreased because the
11 payments originally appropriated for the LTGO
12 obligations and the pension obligation certificates
13 are not being made as a result of being in Chapter 9,
14 and so those appropriations are being moved over and
15 these items, in addition to the Quality of Life loan
16 proceeds, and any other cash that the City may have,
17 will then be used for the restructuring and
18 reinvestment initiatives.

19 Q. So is this \$95 million in addition to the money that
20 we've discussed today, the \$120 million Quality of
21 Life note, are you saying this money would be in
22 addition to that?

23 A. Yes, ma'am.